

Annual Report of the Department of Justice Asset Forfeiture Program Fiscal Year 1992

Prepared by the
Executive Office for Asset Forfeiture
Office of the Deputy Attorney General



Office of the Deputy Attorney General
Washington, D.C. 20530

October 15, 1993

To the Senate and the House of Representatives
of the United States of America in Congress Assembled:

Pursuant to my authority under 28 C.F.R. 0.15, I hereby submit the Department's Annual Report on the Asset Forfeiture Program for Fiscal Year 1992 as required by 28 U.S.C. 524(c)(6).

This report was prepared by the Department's Executive Office for Asset Forfeiture and is submitted past the statutory due date because of delays in completing the audits of the Seized Asset Deposit Fund and the Assets Forfeiture Fund for Fiscal Year 1992. I believe it is otherwise in compliance with statutory requirements and that it accurately sets forth the activities of the Department of Justice Asset Forfeiture Program for Fiscal Year 1992.

Respectfully submitted,

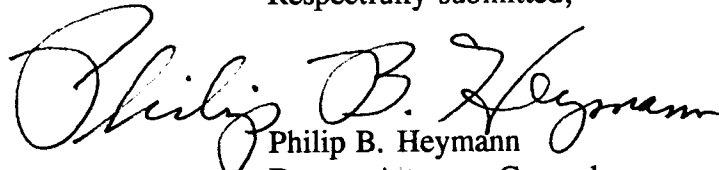

Philip B. Heymann
Deputy Attorney General

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Chapter I: Forfeiture Statutes

Federal forfeiture laws are powerful tools to combat crime. Asset forfeiture is a legal concept which has been a part of American jurisprudence since the Colonial period. The first Session of the First Congress enacted laws in 1789 subjecting vessels and cargoes to *in rem* civil forfeiture for violations of the Customs laws. This was the same First Congress that drafted the Bill of Rights. Over the years, more than two hundred different civil forfeiture laws have been enacted by the Congress. Although some forfeiture statutes are as old as the Republic, changes to federal forfeiture laws have been enacted to fight against organized crime, drug trafficking, money laundering and other illegal activities.

Criminal Forfeiture Laws

The first federal laws to authorize criminal forfeitures for racketeering and continuing criminal enterprise (CCEs) were the Racketeer Influenced and Corrupt Organizations (RICO) Act of 1970 and the Controlled Substances Act of 1970.

Comprehensive Crime Control Act of 1984

The Comprehensive Crime Control Act of 1984 modernized federal forfeiture, expanding the government's legal authority to conduct an aggressive national forfeiture program. One of the most important provisions of this Act was the establishment of the Department of Justice Assets Forfeiture Fund to hold proceeds of forfeitures and to finance forfeiture-related expenses as well as certain law enforcement activities including purchase of evidence, equipping of conveyances, and payment of awards. In addition, this Act authorized the Attorney General to share forfeited property with cooperating State and local law enforcement agencies. Sharing of federal forfeiture proceeds

with State and local law enforcement agencies has dramatically increased law enforcement cooperation at all levels of government.

Anti-Drug Abuse Act of 1986

The Anti-Drug Abuse Act of 1986 made further improvements in federal forfeiture laws, authorizing the forfeiture of the proceeds of money laundering crimes and international sharing of federal forfeiture proceeds with cooperating foreign governments.

Anti-Drug Abuse Act of 1988

The Anti-Drug Abuse Act of 1988 made additional modifications to the forfeiture laws to further strengthen the forfeiture program. This statute eased the way for international sharing by authorizing transfers pursuant to international agreements rather than formal treaties. Another important provision of this law created the "Special Forfeiture Fund" which is financed by surpluses of up to \$150 million per year from the Department of Justice Assets Forfeiture Fund for use by the Director of the Office of National Drug Control Policy. In addition, this Act authorized forfeiture of proceeds of trafficking in pornography and also expanded money laundering forfeiture authority.

Financial Institution Reform, Recovery and Enforcement Act (FIRREA)

In 1989, the Financial Institution Reform, Recovery and Enforcement Act further expanded the scope of forfeiture legislation by authorizing civil and criminal forfeiture for bank-related crime to help recover monies looted from savings and loan institutions.

Customs and Trade Act of 1990

Among other changes to forfeiture law, the Customs and Trade Act of 1990 increased the threshold for the administrative forfeiture of property from \$100,000 to \$500,000 and authorized the administrative forfeiture of monetary instruments without regard to value.

Crime Control Act of 1990

The Crime Control Act of 1990 further strengthened sharing authority and authorized civil forfeiture of firearms used to facilitate criminal drug activity. In addition, this Act clarified the Attorney General's authority to warrant clear title to forfeited real property.

Dire Emergency Supplemental Appropriations Act of 1991

Amending the statutory authority of the Assets Forfeiture Fund, the Dire Emergency Supplemental Appropriations Act of 1991 permitted the Attorney General to use any excess monies in the Fund to procure vehicles, equipment and other capital investment items for the law enforcement, prosecution, and correctional activities of the Department of Justice.

Department of Justice and Related Agencies Appropriations Act of 1992

The Department of Justice and Related Agencies Appropriations Act of 1992 further amended the statutory authority of the Assets Forfeiture Fund. These amendments made the benefits of the Assets Forfeiture Fund available to all federal agencies participating in the Department's Asset Forfeiture Program. This law also provided authority to invest the holdings of the Seized Asset Deposit Fund, providing an important new source of revenue to the Program.

Treasury, State and General Government Appropriations Act of 1993 and Department of Justice Appropriations Act of 1993

The Assets Forfeiture Fund (AFF) statutory authority was amended in October 1992 by the Treasury, State and General Government Appropriations Act of 1993 and the Department of Justice Appropriations Act of 1993 to provide authority to fund certain program expenses from the permanent, indefinite portion of the AFF, formerly funded from the direct, appropriated portion of the AFF.

Chapter II: The Forfeiture Process

Forfeiture is not a new concept. Governments long ago recognized the need to protect against the smuggling of contraband into their territory. For example, simply arresting the captain and crew of a foreign smuggling ship was ineffective if the ship was returned to its owner. The owner would merely hire a new crew and send the ship back on another smuggling run. There are obvious parallels between age-old smuggling and modern day drug trafficking; they both require methods to protect our citizens from criminals inside and outside our borders.

Why is property forfeited?

Property is forfeited to the United States Government if it is determined to be the tool of or the proceeds of illegal activities such as drug trafficking, organized crime, and money laundering. Forfeiture deters crime by taking away the profits of illegal conduct and can immobilize crime syndicates by stripping away the cars, boats, airplanes, houses, currency and other properties which are essential to a large-scale criminal enterprise. The objective of forfeiture is to dismantle drug trafficking rings and other criminal enterprises, not only by prosecuting and imprisoning the drug kingpins, their top echelons, money launderers and drug financiers, but also by stripping away the criminal assets of the illegal organizations. Consequently, the valuable car, boat, or airplane used to transport illegal drugs can be seized, as well as the luxury home or the lucrative business, if financed through an illegal source of income. Seizing criminal assets literally takes the “profit” out of crime.

How is property seized?

No property may be seized or “arrested” for purposes of forfeiture unless the Government has probable cause to believe it is subject to forfeiture. Probable

cause exists when the facts and circumstances, based on trustworthy information, are such that a person of reasonable caution would believe that the property was involved in the illegal activity. Probable cause is the same level of proof which the U.S. Constitution requires for the arrest and jailing of a person pending trial, the search of a home, the indictment (formal charge of criminal conduct) of a person by a grand jury, or the seizure of evidence or contraband.

Although the law does not require it, U.S. Department of Justice policy requires that seizures should not be executed until a neutral and detached magistrate has made an independent finding of probable cause and issued a federal seizure warrant. Exceptions are allowed, of course, for exigent circumstances where the property might be removed, hidden, or destroyed before a warrant can be obtained. This policy permits no exception to the warrant requirement for the seizure of any parcel of real estate.

Once property is seized, either by a federal investigative agency or by a State or local law enforcement agency in a case that is adopted for federal forfeiture, numerous safeguards come into play to protect the rights of any claimants to the property. By statute, if property is seized for a violation involving personal use quantities of a controlled substance, and in all cases where a conveyance is seized, the person in possession of the property at the time of seizure is given a notice explaining the procedures whereby he or she may petition for an expedited release of the property.

In all cases, notice of seizure is sent by certified mail to the person(s) in possession of the property at the time of seizure and also to anyone known to have an ownership interest in the seized property. In addition, the government must publish a notice of seizure for three consecutive weeks in a newspaper of general distribution. These notices set forth the applicable regulations and explain how a person claiming an interest in the seized property may contest the seizure and forfeiture.

Anyone with a legal interest in the seized property may claim it upon the posting of a bond of \$5,000 or ten percent of the value of the property, whichever is less. If a bond is posted, the government must file a civil forfeiture complaint in the United States District Court in order to continue a forfeiture action. The posting of the bond affords the claimant an opportunity to challenge the forfeiture in court and protects against frivolous claims.

In a criminal forfeiture, seizure of the property generally does not occur until conviction. However, a court may order the property to be restrained prior to seizure. In cases where the court finds that a restraining order will not assure the availability of the property for forfeiture, seizure occurs only after a warrant is issued.

Protection for Innocent Owners

Federal forfeiture law protects innocent owners and lienholders of seized properties. An innocent owner is a party with an interest in seized property who can demonstrate that he or she had no knowledge of the illegal activity giving rise to forfeiture, did not consent to the activity, and/or took all reasonable steps to prevent the activity.

Even after forfeiture of the property, federal law authorizes the Attorney General to remit or mitigate the forfeiture if it would be unduly harsh. The Department of Justice routinely grants petitions for remission or mitigation of forfeiture, primarily to innocent lienholders and innocent family members. It is the Department's policy to liberally grant such petitions as a means of avoiding harsh results. This exercise of administrative authority affords innocent claimants a means of recovering property without incurring the expense of attorneys' fees.

In addition, the Department has issued an expedited forfeiture settlement policy for mortgage holders. This policy helps qualifying mortgage holders by

enabling them to recover their principal and interest in real property seized for federal forfeiture early in the forfeiture process.

How is property forfeited?

Federal investigative agencies, often with the assistance of State and local law enforcement agencies, are responsible for identifying forfeitable property during the course of their criminal investigations. The three Department of Justice investigative agencies which seize forfeitable property are the Drug Enforcement Administration (DEA), the Federal Bureau of Investigation (FBI) and the Immigration and Naturalization Service (INS). In addition, the Internal Revenue Service (IRS), Bureau of Alcohol, Tobacco and Firearms (BATF) and U.S. Secret Service (USSS) from the Treasury Department bring their seizures to the Department of Justice. The Postal Inspection Service of the U.S. Postal Service and the U.S. Park Police of the Interior Department also operate under Justice Department policies.

There are three basic methods by which properties are forfeited: (1) criminal judicial proceedings; (2) civil judicial proceedings; or (3) agency administrative proceedings. Judicial forfeitures, civil and criminal, are handled by the 94 United States Attorneys' Offices with support from the Department's Criminal Division. Administrative forfeitures are conducted by the federal seizing agencies.

Administrative Forfeiture

The federal investigative agencies may forfeit property administratively. Pursuant to 19 U.S.C. 1607, federal agencies have authority to forfeit administratively cash and other property valued at \$500,000 or less and conveyances (i.e., cars, boats, airplanes) used to transport controlled substances without regard to

value. According to Departmental policy, all forfeitures of real property proceed judicially.

In administrative forfeiture cases, notices of intent to forfeit are mailed to all persons known to have any ownership interest in the property and notice of intent to forfeit is published in newspapers. In twenty days, if no one has come forward to claim an interest in the property, it is forfeited to the United States without court action. If a claimant does come forward to file a claim and cost bond or if the property is real estate or valued in excess of the statutory limits, the property must generally be forfeited through a civil court proceeding as explained in the following section.

Civil Judicial Forfeiture

The civil judicial forfeiture process is like other civil trials (e.g., for breach of contract or a personal injury claim). In civil judicial forfeitures, the plaintiff (the Federal Government) has the burden of persuading a United States District Court that the property is forfeitable. Civil judicial forfeiture proceedings are brought against the property itself, not the individual defendant. The property itself is the “defendant” in the civil forfeiture action. These cases proceed *in rem* against the property and are not contingent on the conviction of the owner. Anyone with an interest in the property can file a claim and answer to the government’s forfeiture complaint forcing a civil trial before a U.S. District Court. The claimant then has the opportunity to contest the government’s evidence or to assert defenses to the forfeiture. The final decision rests with the court.

The legal theory of civil forfeiture is that property which violated the law can be prosecuted. Because of the rule known as the relation back doctrine, the ownership of property is considered to have transferred to the sovereign at the time the alleged criminal act was committed. Ensuing court proceedings merely perfect the government’s interest in the property. In the smug-

gling ship example, mentioned at the beginning of this chapter, the forfeiture action might have read “*United States Government vs. One Sailing Ship, Smuggler’s Delight*”. If the government can show in a civil trial that the ship was involved in violation of American laws, it can be forfeited.

The advantage of civil forfeiture is that it provides for forfeiture regardless of the current status of the property’s owner. Even if the owner is dead or has fled, the property remains forfeitable since the property itself, and not any individual, is the “defendant” in the suit. As owners of forfeitable property are often drug traffickers and money launderers who reside outside the United States, civil forfeiture is extremely important. For example, the United States has been able to obtain civil forfeiture of millions of dollars left by deceased Colombian drug trafficker Jose Rodrigues Gacha. Without the civil forfeiture remedy, these assets might have gone back to his drug associates. If a criminal conviction were required for all forfeitures, international criminals could ply their illicit trade with impunity by remaining outside our borders and operating their criminal enterprises through agents and intermediaries in the United States.

Criminal Judicial Forfeiture

Unlike a civil judicial forfeiture proceeding, a criminal judicial forfeiture proceeding is based upon the jurisdiction the court has over the defendant rather than his or her property. A criminal judicial forfeiture is done in conjunction with the criminal prosecution of the defendant. The criminal *in personam* action requires that the property used or derived from the crime be indicted along with the defendant. If the defendant is found guilty of the crime charged, then the indicted property can be forfeited as part of the final judgement in the criminal case. However, criminal forfeiture only divests the convicted defendant of his or her rights in the property in question. To obtain clear

title, the Government must address (through a post-trial proceeding known as an ancillary hearing) the interests others may hold in the property before a final order of forfeiture is issued.

Criminal judicial forfeiture has the advantage of casting a "wider net," capable of reaching, in one proceeding, all of a defendant's forfeitable assets, regardless of location and scope. For instance, as a result of the criminal conviction of a notorious drug money launderer in Florida and the related criminal forfeiture order, the Government has obtained at least a thirty percent interest in the world's largest legalized card casino and is estimated to be worth almost \$100 million.

Management of Seized Property

Because property can only be forfeited through one of the legal procedures previously described, several months usually elapse between the time the property is seized for forfeiture and the time it is actually declared forfeited. Moreover, once real or personal property is forfeited, it takes some time to sell it. Within the Department of Justice, it is the U.S. Marshals Service which has the primary responsibility for maintaining and protecting seized property. The Marshals Service is also responsible for selling property once it has been forfeited.

The U.S. Marshals Service employs sound business practices and techniques to maintain the value of seized property. Assets must be secured, inventoried, appraised, stored and otherwise generally maintained while the forfeiture proceeding is pending. Much of the work to manage seized property is accomplished through commercial vendors under contract with the Marshals Service. Such contract services typically involve the actual transport, storage, repair, maintenance and security of assets; appraising of personal and real property; management of businesses; auctioning; and other professional sales services. At the end of

fiscal year 1992, the Marshals Service had custody of over 32,000 seized properties pending forfeiture valued at approximately \$1.9 billion.

Disposal of Forfeited Property

If the U.S. Government successfully prosecutes the forfeiture action, the property is disposed of in accordance with the federal statute which permitted the forfeiture. Most often, forfeited property is disposed of by: retaining the property for official use by a federal law enforcement agency; transferring the property to a State or local law enforcement agency which participated directly in the seizure or forfeiture of that property; destroying contraband and other illegal property in accordance with the law; or selling the property.

Forfeited property is sold in a variety of ways depending upon the type of property, from the traditional U.S. Marshal's sale on the courthouse steps to, more frequently, the use of brokers, sales agents, auctioneers and other contract sales professionals. The public can learn of significant sales of forfeited property by obtaining a copy of USA TODAY, a newspaper which is distributed nationally. Notices of sale are placed in the classified section of that newspaper on the third Wednesday of each month. In addition, forfeited property is generally advertised in the classified section of local newspapers where the property is located and in national trade publications.

Despite public perceptions to the contrary, forfeited properties usually sell for prices at or near their fair market value. Stories of incredible bargains are usually just that - incredible. Prices paid for forfeited property at Marshals auctions are comparable to those paid in similar setting such as estate sales and bank auctions of repossessed property. Immediately following the sale of forfeited property, the proceeds of sale are deposited into the Assets Forfeiture Fund which is explained in the next section.

Assets Forfeiture Fund

The Department of Justice Assets Forfeiture Fund is an account in the Treasury Department that receives forfeited cash and the proceeds of sale from forfeited property from all cases involving the Department of Justice and the judicial cases from those non-Justice agencies that are participating in the Program. The Assets Forfeiture Fund was created by the Comprehensive Crime Control Act of 1984 to hold proceeds of forfeitures and to fund forfeiture-related expenses as well as certain law enforcement activities including purchase of evidence, equipping of conveyances, and payment of awards.

The Assets Forfeiture Fund is an invaluable tool which enables the proceeds of successful forfeiture cases to be re-invested directly into law enforcement efforts. Funds obtained through the Program are put back into the fight against drugs and crime at the federal, state and local levels. Pursuant to 28 U.S.C. 524(c), the Attorney General has discretion to use the Assets Forfeiture Fund to pay any necessary expenses associated with the seizure, detention, management, forfeiture, and disposal of seized property. In addition, the Attorney General has the authority to make equitable sharing payments from the Assets Forfeiture Fund to State, local and foreign law enforcement agencies for their assistance in conducting a successful forfeiture case. Equitable sharing payments reflect the degree of direct participation in the law enforcement effort resulting in the forfeiture. As a result, the Asset Forfeiture Fund provides law enforcement at all levels with an invaluable new resource to fight the war against crime and drugs.

Objectives of the Program

Without revenue from forfeitures, law enforcement agencies would not have enough resources to identify, seize, and forfeit the proceeds and instrumentalities of crime. By supplementing law enforcement budgets out of the pockets of criminals, the Asset Forfeiture Program saves taxpayers hundreds of millions of dollars a year. However, forfeiture revenues must not be allowed to override the fundamental law enforcement objective of the Asset Forfeiture Program. The Department of Justice has always stressed the three major objectives of the asset forfeiture program in this order of priority: (1) law enforcement; (2) enhanced law enforcement cooperation through equitable sharing of forfeiture proceeds; and (3) as a by-product, revenue to enhance forfeitures and strengthen law enforcement. Law enforcement agencies must not let potential revenue take priority over normal law enforcement considerations. The primary goal of the asset forfeiture program is to deter criminal activity by depriving criminals of property used in or acquired through illegal activities.

The following three chapters will address each of these objectives separately.

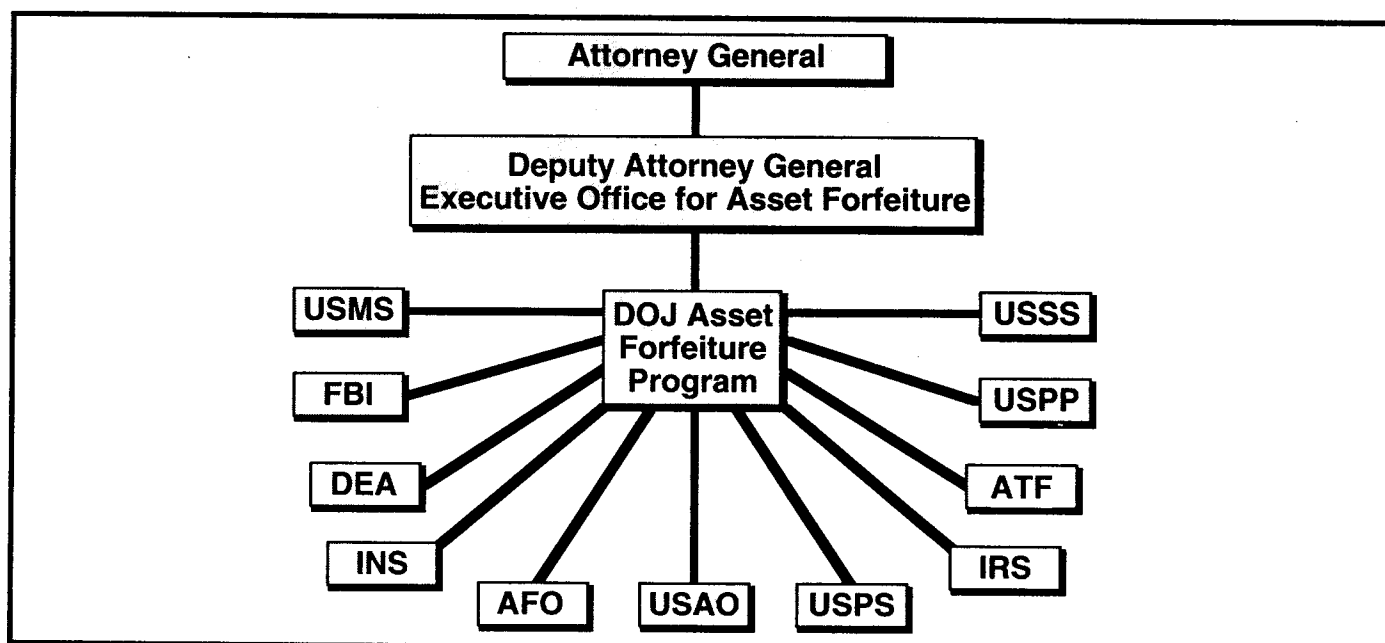
Chapter III: Law Enforcement

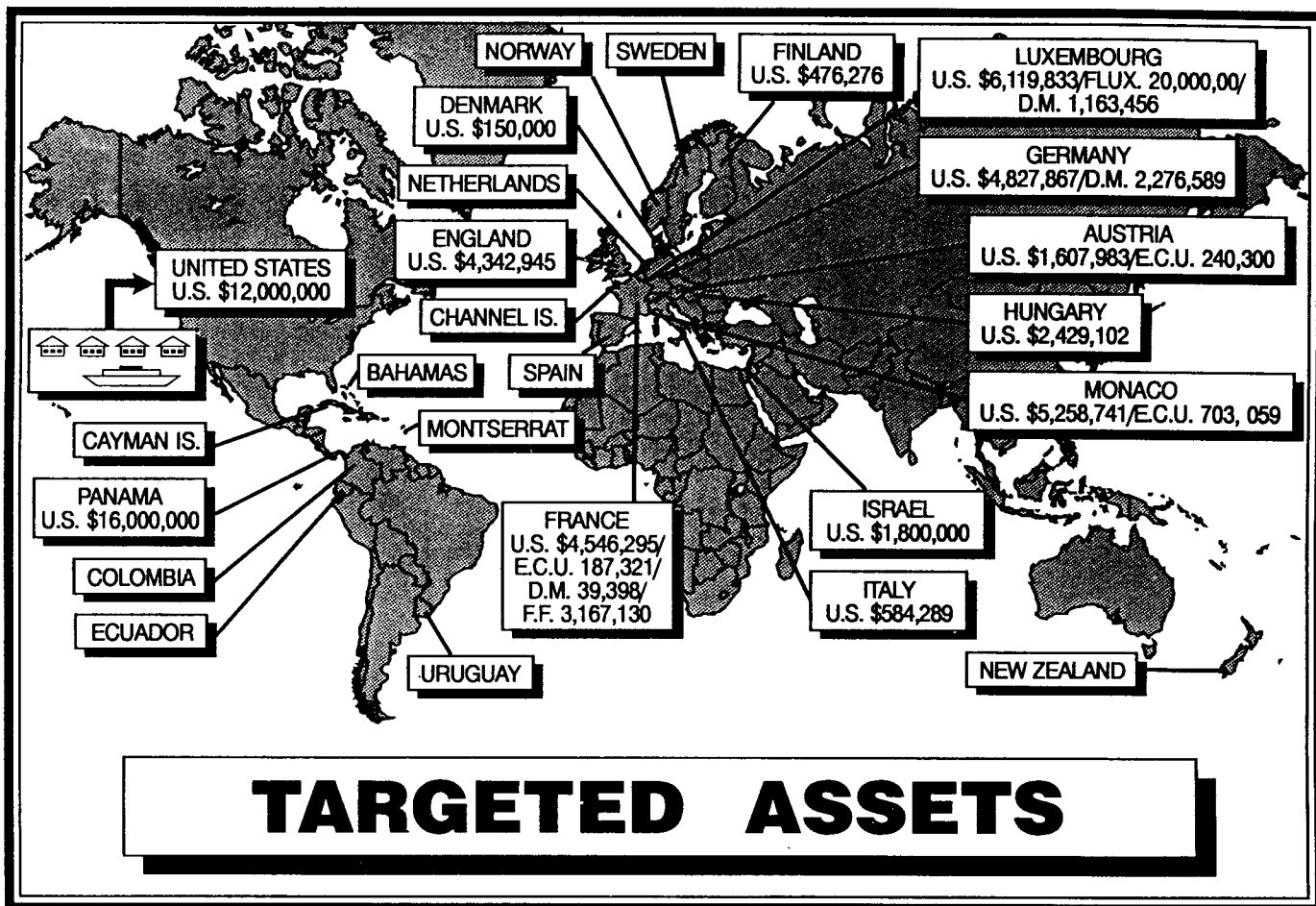
The Department of Justice Asset Forfeiture Program is a nationwide law enforcement program. Law enforcement is always the principal objective of the asset forfeiture program.

To achieve this law enforcement objective, there are thousands of investigators, litigators, property managers and support staff working together nationwide representing the various agencies and offices participating in the program. The Department of Justice components that participate in the Program include: the Drug Enforcement Administration (DEA); the Federal Bureau of Investigation (FBI); the Immigration and Naturalization Service (INS); the U.S. Marshals Service (USMS); the Asset Forfeiture Office (AFO), Criminal Division; and the 94 United States Attorneys' Offices (USAO). In addition to the Justice components, the Internal Revenue Service (IRS), Bureau of Alcohol, Tobacco and Firearms (ATF) and U.S. Secret Service (USSS) from the Treasury Department participate in the Program. The Postal Inspection

Service (USPS) of the U.S. Postal Service and the U.S. Park Police (USPP) of the Interior Department are also participants. Overseeing all of the various participating components in the Program is the Executive Office for Asset Forfeiture in the Office of the Deputy Attorney General. All in all, there are a total of twelve components, Justice and non-Justice, that execute the Asset Forfeiture Program. Taken together, the efforts of all these components demonstrate a strong commitment by the federal government to take apart a criminal organization asset by asset.

The USMS maintains and disposes of the vast majority of properties seized for forfeiture. The ninety-four United States Attorneys' Offices are primarily responsible for the litigation of forfeiture cases that must proceed judicially as either criminal or civil cases. The Asset Forfeiture Office in the Criminal Division is responsible for providing legal advice and litigation support to the United States Attorneys' Offices throughout the country as well as serving general counsel to the forfeiture program.





DEA targeted assets in more than 25 countries in support of Operation Calico, an investigation of several Cali cartel kingpins.

Executive Office for Asset Forfeiture

The Executive Office for Asset Forfeiture (EOAF) was created to manage the tremendous potential of forfeiture as a weapon to combat drug trafficking and organized crime. The dramatic expansion and growth of the asset forfeiture program led the Attorney General to create the EOAF to provide strong central management to ensure the integrity of the program and to achieve the full law enforcement and revenue generating potential of the program. The EOAF oversees all of the forfeiture related activity of the various participating components in the Program.

Drug Enforcement Administration

The Drug Enforcement Administration (DEA) places a high priority on asset forfeiture as an integral part of its drug law enforcement work. During FY 1992, the DEA developed the Kingpin Strategy to focus the attack on those organizations that produce, transport and distribute the preponderance of illicit cocaine and other drugs to our nation's cities and towns. This strategy has been very successful thus far, as evidenced by the investigations against Cali Cartel kingpins. A vivid example of DEA's success under the Kingpin strategy was the arrest of more than 100 cell employees, the seizure of 1,400 kilograms of cocaine and more than \$20 million in liquid assets in

one New York roundup. Two successful investigations conducted by DEA which targeted kingpin organizations were Operation Calico and Operation Green Ice.

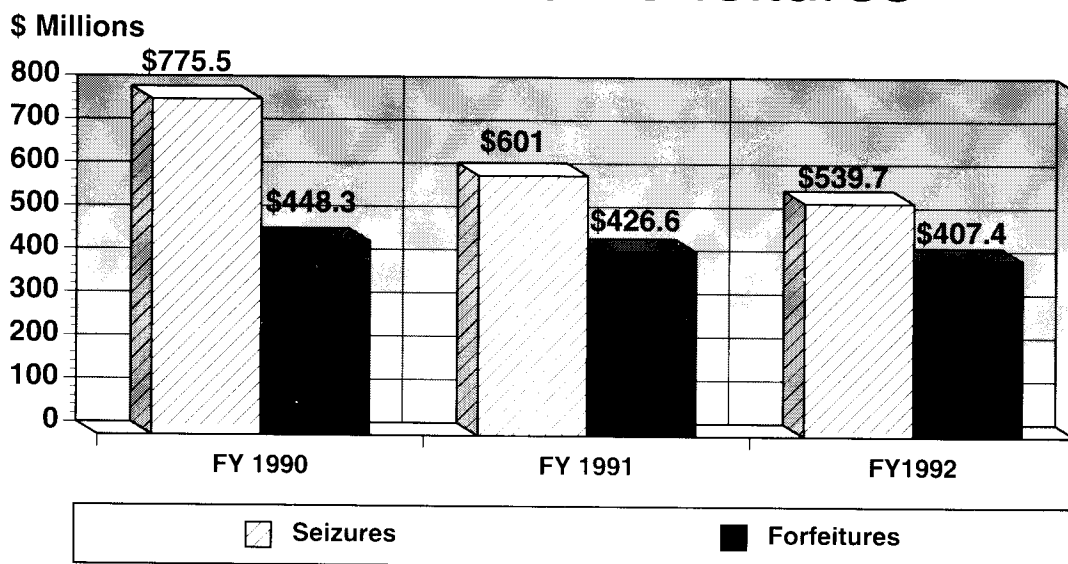
Operation Calico

In support of an investigation of several Cali cartel kingpins, including Jose Santacruz-Londono and Miguel and Gilberto Rodriguez-Orejuela, the DEA Intelligence Division accumulated evidence of cartel assets in more than 25 countries. To support seizures, a series of affidavits, letters rogatory, and treaty requests were prepared, seeking the freezing of over \$60,000,000 in Europe, Panama, and the United States. On April 2, 1992, this investigation resulted in the conviction in Luxembourg of two high-echelon money launderers and the forfeiture of approximately

\$30,000,000 in the first money laundering trial in Europe. DEA provided virtually all of the evidence and testimony linking the defendants, the assets, and cartel kingpins Jose Santacruz-Londono and Miguel and Gilberto Rodriguez-Orejuela. The Luxembourg Supreme Court is scheduled to rule on appeals early in 1993.

As the accounts cited above were being frozen, the cartel began moving funds to avoid seizures; evidence of over 30 specific wire transfers of drug funds from Panama were documented. In a landmark case conducted by the Civil Division of the U.S. Attorneys Office, Eastern District of New York, approximately \$12,000,000 was forfeited to the U.S. in May 1992. This consisted of the proceeds of approximately \$8,000,000 in 29 wire transfers from Panama intended

Drug Enforcement Administration Seizures and Forfeitures



Source: USMS, DEA

for 18 Barranquilla textile companies, seized from correspondent accounts in New York banks; \$3,400,000 from a Merrill Lynch account in the name of shell company Siracusa Trading Corp.; and an \$805,000 wire transfer from the Channel Islands to Colombia, also seized at a New York correspondent bank. Various related actions are still pending.

Operation Green Ice

DEA initiated Operation Green Ice in January 1990 as a long-term international drug money laundering investigation. Since its inception, both the San Diego and Los Angeles Division's of DEA have target four Kingpin organizations. DEA's main objective of this operation were to identify, disrupt and dismantle cartel cells in the United States and Europe; to identify and arrest money launderers and drug traffickers; and to identify and seize the cash and assets of the cartels.

DEA's objectives were successfully achieved in Operation Green Ice. This was the first joint international operational task force. Spain, the United Kingdom, Italy, Canada, the Cayman Islands, Costa Rica and Columbia participated in this operation with DEA. These countries have extended themselves to the fullest in support of Operation Green Ice which targeted the cartels effort to launder illicit monies throughout the world. The DEA served seizure warrants in several cities in the U.S. on both correspondent and destination bank accounts totalling approximately 140 accounts. To date, Operation Green Ice has seized approximately \$7.3 million from these accounts, with additional seizure information coming in daily from the seizing cities. World-wide, Operation Green Ice asset seizures to date total approximately \$47.7 million, drug seizures total 881 kilograms of cocaine and arrests of 177 conspirators have been made.

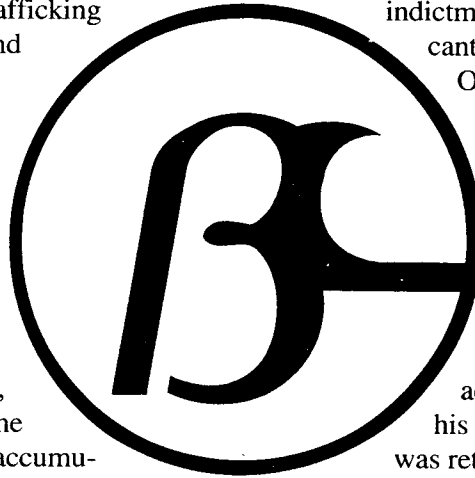
Other Investigations

In FY 1992, DEA conducted several investigations which have resulted in significant asset seizures. In Operation Preclude, DEA seized almost \$2 million in cash and property. The objective of Operation Preclude was to deny clandestine manufacturers of controlled substances access to regulated chemicals. In another investigation, Operation Coveralls, DEA seized approximately \$2 million in cash by targeting major organizations that are responsible for the illicit manufacture and distribution of all clandestinely manufactured drugs except LSD. Additionally, DEA seized assets valued at almost \$700,000 in Operation Looking Glass by targeting the major traffickers of LSD including the chemists and their first line distributors.

During FY 1992, DEA conducted three Special Enforcement Programs involving legitimately manufactured controlled substances. After Congress placed steroids in Schedule III of the Controlled Substances Act, DEA initiated Operation Pony Express, conducting investigations across the country resulting in seizures worth approximately \$600,000. In addition, DEA created Operation Super K to target the narcotic Analgesic Dilaudid (Hydromorphone), the most sought after legitimately produced controlled substance. The DEA seized over \$1.2 million in cash and other property as a result of Operation Super K. In another investigation, Operation Script Busters, DEA seized over \$2 million in cash and property by targeting doctors and pharmacist who diverted controlled substances.

Markings on Monetary Instruments

In 1992, DEA continued its research and analysis on the relationship between symbols found on financial instruments and specific drug trafficking organizations. Beginning in 1991 and continuing through 1992, Assistant U.S. Attorneys requested assistance from the DEA Intelligence Division regarding investigations in which symbols on financial instruments were among the primary evidence linking seized monies to specific drug trafficking organizations. In order to document links between drugs and the seized monies for trial, research was undertaken regarding the markings and voluminous data was accumulated, including copies of checks containing these markings. DEA instituted a program to facilitate the analysis and use of this information in several specific forfeiture actions, but also to preserve it for future use.



DEA links symbols found on financial instruments to specific drug trafficking organizations

Federal Bureau of Investigation

Although initially the emphasis was on drug-related crime, seizure of ill-gotten assets and instrumentalities of illicit activities is an essential component of Federal Bureau of Investigation (FBI) criminal investigations ranging from child pornography and organized crime to drugs and white collar crime. In FY 1992, there were many significant investigations which resulted in the seizure and forfeiture of billions of dollars in property. The following is a representative sample of several of these investigations.

Bank Fraud

During FY 1992, the FBI successfully concluded the investigative phase of two major cases with the indictment of numerous subjects and significant amounts of property for forfeiture.

One investigation focused on the hidden ownership and control of certain American banks by the Bank of Credit and Commerce International (BCCI). In January 1992, BCCI plead guilty to criminal fraud and racketeering charges and agreed to forfeit \$550 million in cash and other assets. Another case concerned the activities of Charles H. Keating, Jr. and his associates. In FY 1992, an indictment was returned charging them with racketeering, conspiracy, bank fraud, and other crimes. The indictment includes a racketeering count charging Keating with proceeds subject to forfeiture of over \$265 million. Four other defendants were charged with similar counts.

Money Laundering

The passage of various laws relating to money laundering have significantly aided the FBI in the forfeiture of millions of dollars in FY 1992. Two significant cases illustrate the FBI's success in this area. The first case involved a "Fraud by Wire" investigation centering around the activities of John M. McNamara. McNamara used his extensive business interests to obtain fraudulent loans from the General Motors Acceptance Corporation. The proceeds from these loans were then invested in other business interests. He was indicted for these transactions, and in May 1992, a decree of forfeiture was signed forfeiting approximately 400 million to the United States. The second case involved a Jacksonville, Florida, lawyer and real estate developer who defrauded a local bank

of millions of dollars in construction loans over a five-year period. This individual was convicted in May 1992. A total of \$32 million was forfeited to the U.S. in this matter.

Fraud Against the Government

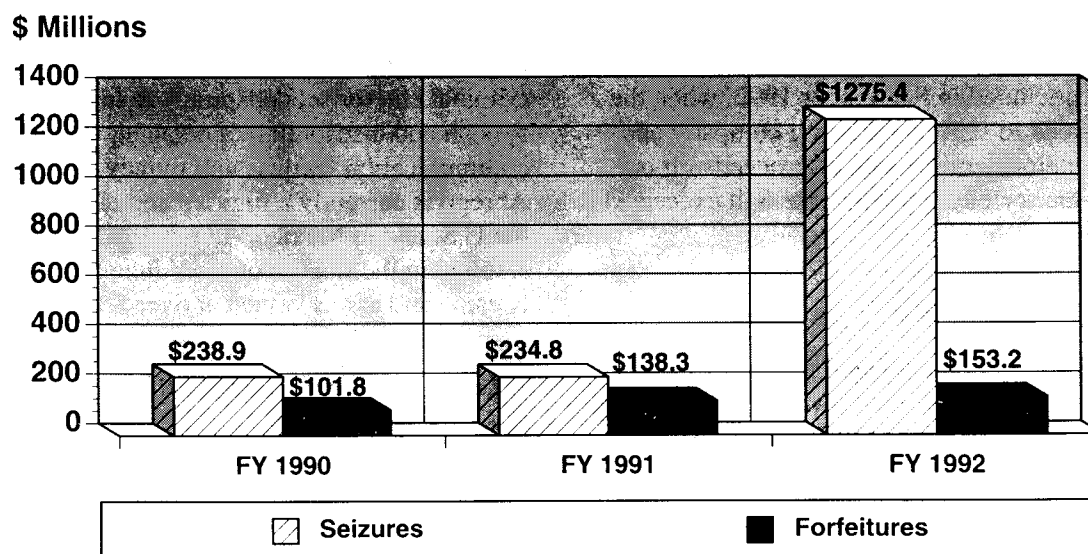
In 1992, the FBI successfully completed a number of fraud investigations involving pharmacies. One such case involved an undercover operation targeting a large scale-black market pharmaceutical diversion network involving many individuals from the New York City area. The group illegally obtained Medicaid - financed prescription drugs and later sold them to pharmacies at reduced prices. The investigation concluded in June 1992, with 70 arrests and the seizure of 37

parcels of real property valued in excess of \$8 million. Also seized were 391 bank and brokerage accounts and over \$1.6 million in cash. In addition, forfeiture action may be initiated against the contents of 26 safe-deposit boxes now being restrained under court order.

Organized Crime

An example of the FBI's aggressive investigations involving organized crime is a case in New York City involving control of the private carting industry. In this matter, an undercover agent posed as a corruptible New York State official in charge of garbage disposal permits. The agent was offered bribes of \$500,000 for the first year and \$300,000 for each year thereafter in exchange for aiding in obtaining permits and prohibit-

Federal Bureau of Investigation Seizures and Forfeitures



Source: USMS, FBI



On February 4, 1992, INS Border Patrol Agents at the Canipo Station, San Diego Sector, locate 1,005 pounds of cocaine concealed under the bed of a 1986 Ford pick-up truck.

ing competitors from obtaining permits. This case was successfully concluded in September 1992, when the defendants agreed to sell their hauling company and forfeit the majority of the sale of proceeds. It is expected that the forfeiture in this case will exceed \$11 million.

Drug Investigations

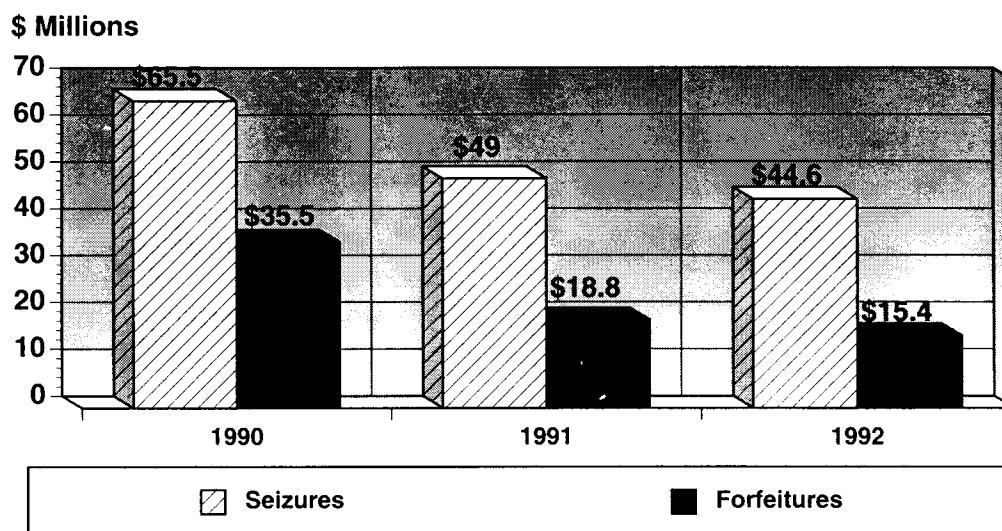
In FY 1992, the FBI concluded a number of successful drug investigations. One involved a multi-divisional investigation conducted by the Dallas, Houston, New York, and San Antonio offices. The investigation centered around the illegal importation of approximately 50 tons of cocaine into the United States by an organization headed by Juan Garcia-Abrego and others. Seventy-eight members of the organization have pled

or been found guilty of charges to include continuing criminal enterprise; conspiracy to import cocaine; possession and distribution of cocaine; unlawful use of communication facility; and money laundering. Abrego is currently a fugitive and is being sought in the U.S. and in Mexico. In FY 1992, this investigation resulted in the seizure of more than three tons of cocaine and assets valued at over \$6 million.

Immigration and Naturalization Service

The primary mission of the Immigration and Naturalization Service (INS) is to prevent illegal entry to the United States, to detect fraudulent documents used to gain entry, and to locate, apprehend and remove aliens who remain here illegally. These

Immigration and Naturalization Service Seizures and Forfeitures



Source: INS

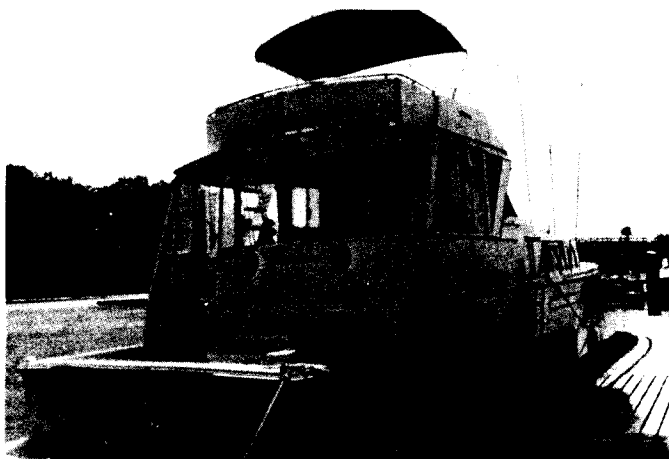
enforcement activities have resulted in increasingly larger volumes of illicit drug seizures making INS an important participant in the Program. The INS has authority to seize conveyances used in violating immigration laws. Most of these cases involve attempts to enter the United States illegally, a violation that frequently involved drug smuggling as well as alien smuggling.

INS does not have authority to seize real property, currency or drugs, except as cross-designated under Title 21 or Title 19. However, the extraordinary high volume of INS drug and currency seizures has a direct and significant impact on federal forfeitures because such cases are turned over to the DEA and other feder-

al agencies. In FY 1992, INS officers seized 583,794 pounds of marijuana valued at \$548 million, 49,622 pounds of cocaine valued at \$521.7 million, 6,873 ounces of heroin valued at \$39.5 million and a variety of other illicit narcotics valued at \$4.9 million. INS officers also seized \$63.1 million in drug-related currency, more than \$10.2 million in other property related to drug smuggling, and approximately 2,600 weapons.

U.S. Postal Inspection Service

The U.S. Postal Inspection Service (USPS) has made a strong commitment to the use of forfeiture as

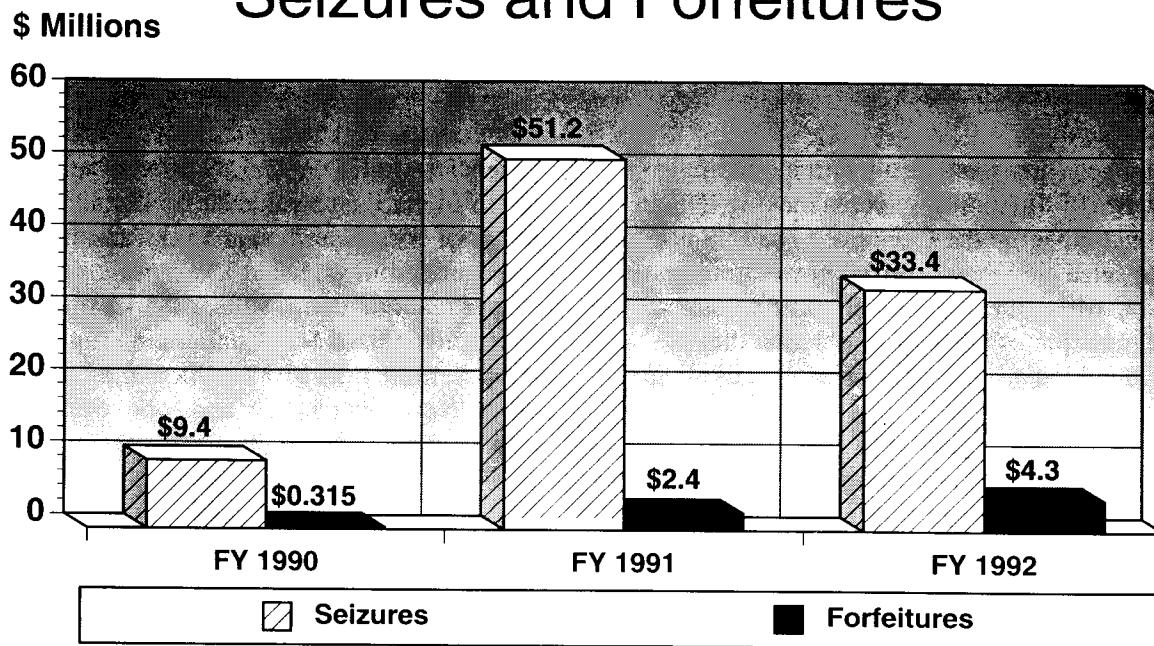


The USPS seized and administratively forfeited a 54 foot yacht appraised at \$209,000.

part of their enforcement program. The USPS utilizes forfeiture to discourage profit-motivated crimes such as mail fraud and the trafficking of narcotics through the U.S. Mail. The majority of the Postal Inspection Service forfeitures are related to money laundering violations and the balance are related to narcotics violations.

In one investigation conducted by the Postal Inspection Service in FY 1992, over \$500,000 in property was seized and administratively forfeited as proceeds from unlawful activities. The forfeited property included a 54 foot yacht appraised at \$209,000, several vehicles appraised at \$65,550 and currency and bank accounts totaling \$244,713. The seized property will be sold and the proceeds will be used to make restitution to the victims of this scheme.

U.S. Postal Inspection Service Seizures and Forfeitures



Source: USMS, USPS

(Excludes Administrative Cases)

In a conspiracy and mail fraud case, the Postal Inspection Service seized almost \$4.5 million in assets. The defendants of this case are charged with conspiracy and mail fraud in connection with the sale of counterfeit prints. The indictment charges that the defendants conspired with wholesale art dealers to sell millions of dollars of counterfeit art to the public and to Postal Inspectors posing in an undercover capacity as both art dealers and the public. This case represents one of the largest international seizures of counterfeit and fake limited edition lithographs, etchings, aquatints, and related prints purportedly created by Picasso, Miro, Chagall, and Dali. Assets seized by the Postal Inspection Service include \$2.5 million in cash, authentic artwork having an estimated value of \$400,000, real property worth \$1.5 million, and several automobiles.

In another investigation, the Postal Inspection Service charged four individuals in a million dollar mail fraud and money laundering scheme. This is the first in a series of indictments involving Ghanaian Nationals and United States citizens charged with engaging in insurance fraud (staged automobile accidents) and credit card fraud. The indictments culminate a joint investigation by the U.S. Postal Inspection Service, U.S. Secret Service, U.S. Customs Service, and Immigration and Naturalization Service. The Postal Inspection Service has been the lead agency in the investigation and all charges stemming from the indictment involve mail fraud charges and money laundering charges in which mail fraud is the specified unlawful activity.

Internal Revenue Service

The Internal Revenue Service (IRS) continues to place a strong emphasis on forfeiture as part of its law enforcement program. The criminal investigation function of the IRS enhances voluntary compliance with the laws under its purview through the effective

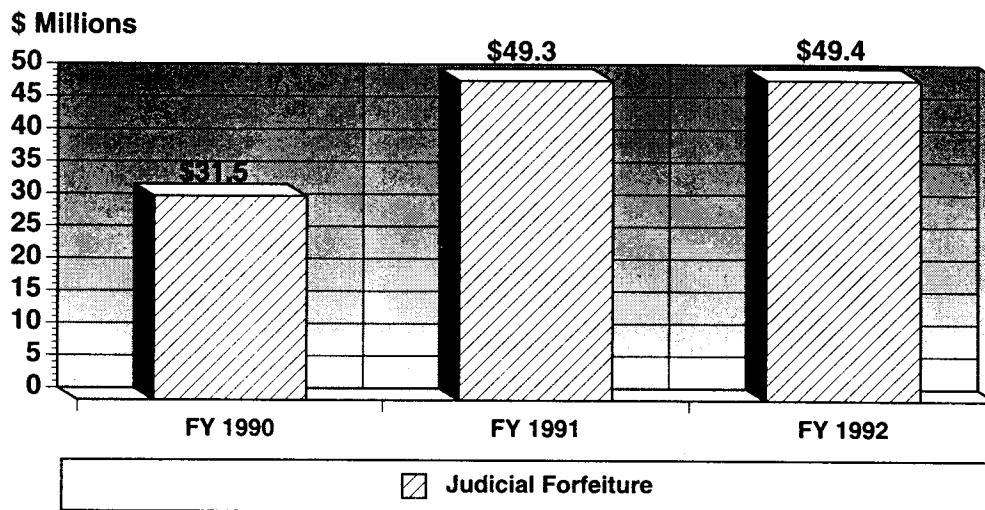
enforcement of the tax code and related criminal statutes. IRS special agents identify and investigate individuals and organizations which fail to comply with the criminal provisions of the Internal Revenue Code (Title 26), the Bank Secrecy Act (Title 31), and other criminal provisions of the general United States Code (Title 18). The financial investigations of tax, currency and money laundering violations provide the basis for multi-agency initiatives against those who engage in narcotics-related and other illegal activities and for the subsequent seizure and forfeiture of their assets. During FY 1992, the IRS conducted several investigations which resulted in the seizure and forfeiture of millions of dollars in property.

Significant Investigations

In a joint operation with the Federal Bureau of Investigation, the IRS investigated an organized group which stole computer equipment from Digital Equipment Corporation. The stolen equipment was sold and the proceeds were transmitted through sophisticated nation-wide money laundering system. Seizure orders totaling over \$6.4 million were obtained for the relevant assets of the 16 participants. The seized assets included a restaurant, over one million shares of stock, currency, luxury vehicles, and various pieces of real property including two residences, valued at \$450,000 and \$550,000.

In another case, approximately \$5 million in properties were forfeited as a result of a bankruptcy fraud and money laundering investigation conducted by the Internal Revenue Service. A Missouri timeshare developer and others were charged with conspiracy to conceal nearly \$5 million in cash and property from a U.S. Bankruptcy Court. The assets were hidden and/or transferred to nominees to conceal their existence from the court. As part of the plea agreement, the developer agreed to forfeit almost \$5 million in property including over \$400,000 in currency, luxury motor

Internal Revenue Service Judicial Forfeitures



Source: USMS

vehicles, a 1,000 acre hunting resort, and the developer's interest in a 300 acre commercial real estate development. This is believed to be the largest forfeiture of concealed bankruptcy assets in United States history.

The IRS seized over \$5 million in assets from a suburban Detroit man and his family who pled guilty to money laundering and income tax evasion. The pleas followed an investigation by IRS into violations which included the structuring of currency into numerous financial institutions. During the investigation, over \$5 million in assets were seized, including \$1.4 million in currency, \$2.9 million deposited in 23 bank accounts throughout the Detroit and Chicago areas, a residence valued at over \$1.4 million, as well as a yacht, exotic sports car, and other luxury vehicles. Delinquent income taxes, interest penalties and forfeitures total over \$12 million.

Bureau of Alcohol, Tobacco and Firearms

The Bureau of Alcohol, Tobacco and Firearms (ATF) is responsible for enforcing the federal laws relating to firearms, explosives, arson, alcohol and tobacco. ATF is also actively involved in combating narcotics trafficking and violent crime through enforcement of the federal firearms laws. The ATF has authority to seize and forfeit firearms, ammunition, explosives, alcohol, tobacco, currency and conveyances involved in violations of law. The primary statute used by ATF in combatting drug trafficking is 18 U.S.C. 924(c), which prohibits the use or the carrying of a firearm during a drug trafficking crime. A majority of the time, ATF's forfeiture rule stems from investiga-

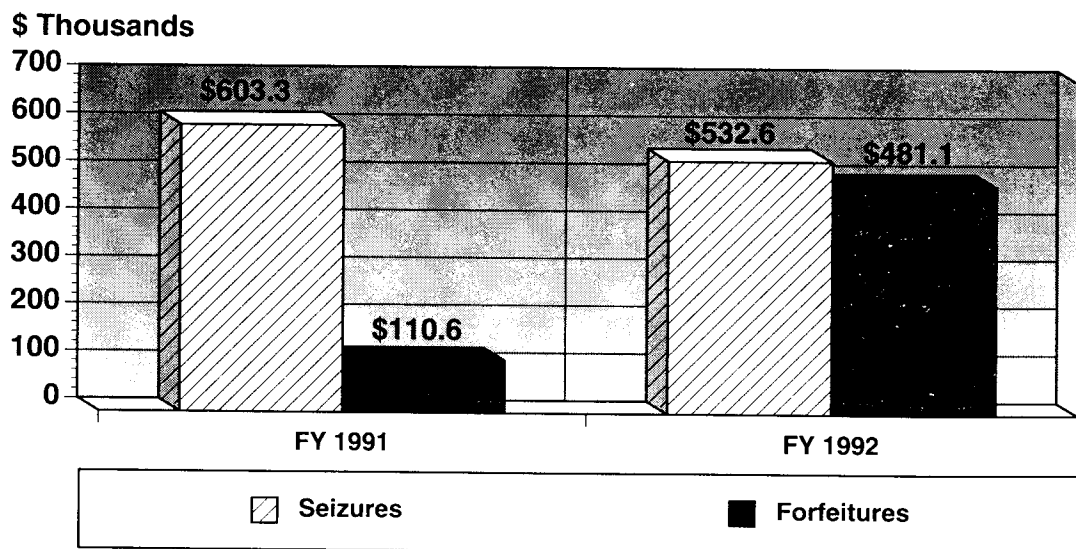
tions that focus on violent gangs who utilize narcotics and firearms.

The ATF, working in conjunction with the Chicago Police, DEA and the IRS, initiated an investigation targeting Chicago's Cicero Vice Lords street gang. Hundreds of firearms, thousands of rounds of ammunition, and a large quantity of narcotics were purchased during undercover contacts with the Vice Lords and their associates. A federal grand jury returned 30 indictments, charging a total of 38 individuals with criminal offenses that including narcotics, firearms, tax and financial structuring violations. State narcotics and weapons charges were filed against an additional 40 individuals by the State's attorney in Cook County. The U.S. Attorneys Office also filed

civil forfeiture complaints for the forfeiture of 21 pieces of real estate and 18 automobiles.

In an OCDETF investigation, the ATF targeted two Dominican drug organizations who were responsible for the distribution of hundreds of kilograms of cocaine in North and South Carolina. This investigation involved several federal, state and local law enforcement agencies including the IRS, the USPS, the FBI, the INS, the Charlotte Police Department, Mecklenburg County Police Department, Union County Sheriff's Department, Florence Police Department and the North Carolina State Bureau of Investigation. In April 1992, ATF led a roundup that resulted in the arrest of 20 of the 39 defendants. Prior to the arrests, over 4 kilograms of cocaine, \$250,000 in

Bureau of Alcohol, Tobacco and Firearms Seizures and Forfeitures



Source: USMS, ATF

(Excludes Administrative Cases)

cash, 7 vehicles, and 16 firearms were seized. During the arrests, an additional 19 ounces of cocaine and \$8,000 in cash were seized along with a twelve-unit apartment building.

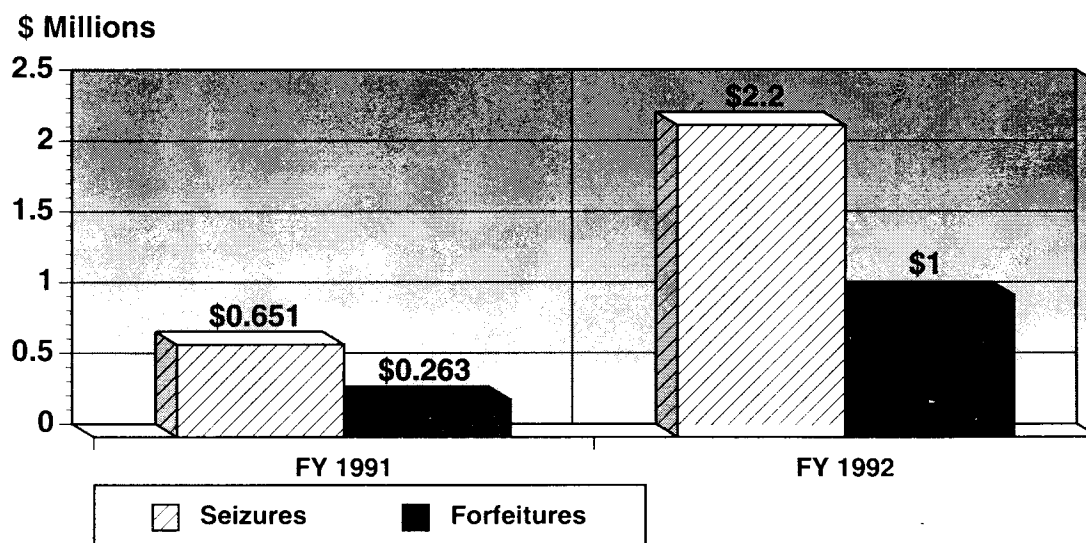
U.S. Park Police

The U.S. Park Police (USPP) of the Department of Interior joined the DOJ Asset Forfeiture Program in FY 1991. The USPP is a full service police force with the responsibility of protecting visitors, resources, and facilities in designated areas of the National Park Service system. The USPP does not have forfeiture authority and is required to submit their seizures for adoption. The USPP currently submits the majority of their cases to the FBI for adoption. The

USPP conducts drug investigations and regularly participates in joint efforts with other federal, state and local agencies in marijuana eradication. The USPP also participates in multi-agency task forces involved in drug cases.

One of the most significant investigations conducted by the Park Police in the Washington, D.C. metropolitan area is the "P Street Crew" case. This investigation culminated in the simultaneous execution of 38 federal search warrants. The enforcement action required a coordinated effort of some 450 federal, state and local law enforcement personnel. The "P Street Crew" investigation resulted in the arrest of numerous co-conspirators, the dismantling of an entire drug distribution organization, and the seizure of assets valued over \$1.6 million.

U.S. Park Police Seizures and Forfeitures



Source: USPP

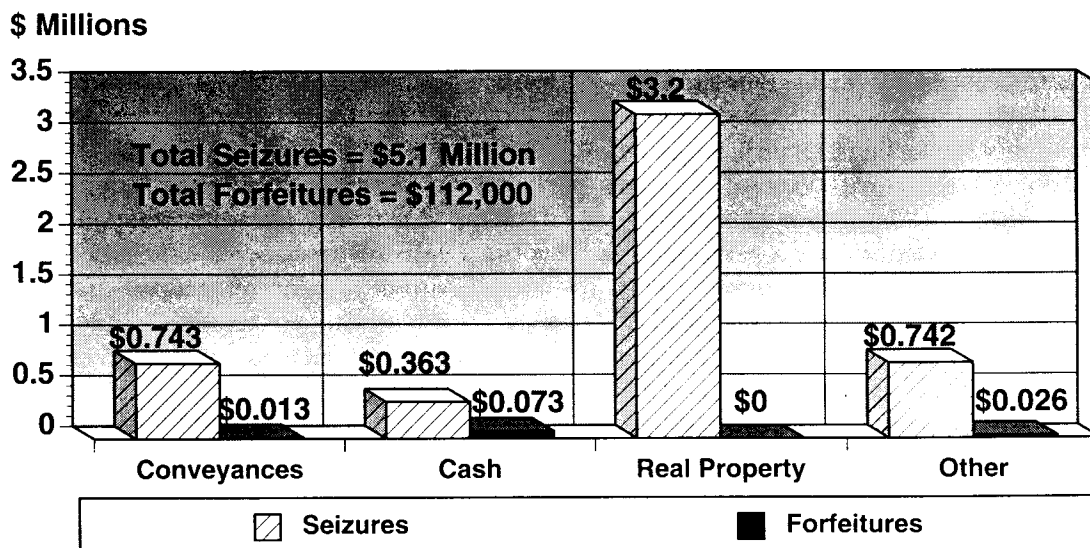
U.S. Secret Service

The U.S. Secret Service (USSS) of the Treasury Department is the newest member of the Program joining the program this fiscal year. The USSS has authority to seize and forfeit property in money laundering cases involving counterfeit and fraud violations and in instances in which the property constitutes proceeds from USSS violations.

Significant Investigations

The U.S. Secret Service conducted a bank fraud investigation in San Juan that resulted in the seizure of twenty-five Mitsubishi vehicles, two car dealerships, land, property, cash, and certificates of deposit worth approximately \$2 million. A suspected drug dealer allegedly bought Mitsubishi vehicles and cocaine in the proximity of Philadelphia, PA. He concealed the cocaine in the vehicles and shipped them to San Juan. He then used the car dealership in San Juan to launder the proceeds from the drug sales. The case is continuing and further assets are being sought for seizure.

U.S. Secret Service Seizures and Forfeitures



Source: USMS, USSS

(Excludes Administrative Cases)

In another investigation, the USSS, in conjunction with the IRS, seized a luxury vehicle and real property valued at \$1.7 million. The defendant misrepresented the amount of debt his company was carrying on numerous loan applications to federally insured banking institutions. He used funds that were intended for the construction of a condominium development to pay gambling debts and to purchase the luxury vehicle and residence.

The USSS participated in a task force to investigate numerous individuals and businesses that were illegally exchanging U.S. Department of Agriculture food stamp coupons for money, liquor, weapons, drugs, and vehicles. The food stamps were accepted by authorized retail stores, deposited into their bank accounts and then cleared through the Federal Reserve Bank. This investigation resulted in the arrest of 91 individuals, the seizure of approximately \$100,000 in cash, two luxury vehicles, and several firearms.

U.S. Marshals Service

The U.S. Marshals Service (USMS) is the primary custodian of seized property for the Department of Justice Asset Forfeiture Program. The USMS has the responsibility not only for seizing property, but also for administering the management and disposal of property subject to judicial and administrative forfeiture. Specially trained and knowledgeable property management specialists, criminal investigators, deputy marshals, and other administrative personnel are assigned to the seized assets program. Their mission is to establish and oversee seized asset management services, funding, and information within the USMS.

The USMS employs sound business practices and techniques to maintain the value of seized property. Assets must be secured, inventoried, appraised, stored and otherwise generally maintained while the forfeiture proceeding is pending. Much of the work to manage seized property is accomplished through commercial

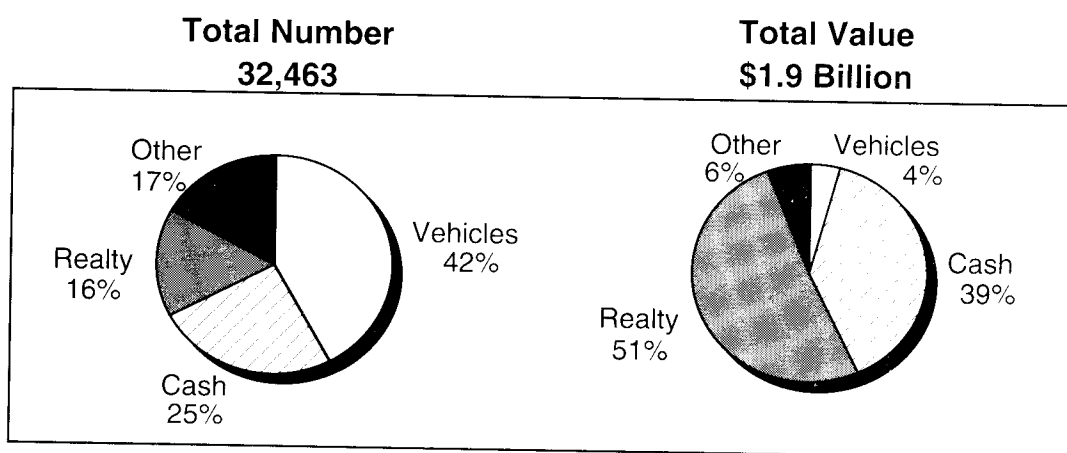
vendors under contract with the USMS. Such services typically involve the actual transport, storage, repair, maintenance and security of assets; appraising of personal and real property; management of businesses; auctioning; and other professional sales services.

At the end of FY 1992, the inventory of seized assets being held pending forfeiture consisted of over 32,000 properties valued at approximately \$1.9 billion. This inventory of seized property included over 5,000 real properties and businesses valued at \$886.1 million, as well as over 8,000 cash cases valued at \$670.2 million. Seized cash is deposited into the Seized Asset Deposit Fund (SADF), a special holding account at the U.S. Treasury, which ended the fiscal year with a balance of \$640 million. The SADF balance includes BCCI deposits of \$327 million. The remaining seized inventory in the Department's custody includes aircraft, vessels, vehicles, jewelry, and other forms of personal property.

United States Attorneys

The 94 United States Attorneys' offices play a significant role in the Department's Asset Forfeiture Program. The United States Attorneys are responsible for the prosecution of both criminal defendants and actions against property used or acquired during illegal activity. Pursuant to Departmental policy, all forfeitures of real property are handled judicially by the United States Attorneys' offices in federal District Court. Any case involving the seizure of personal property or cash in which a claimant files a claim and cost bond must also proceed judicially. Non-cash cases involving personal property valued at greater than \$500,000 are also generally handled by the courts.

Seized Asset Inventory FY 1992



Source: USMS

Organized Crime Drug Enforcement Task Force Program (OCDETF)

As the chief federal law enforcement officer in the judicial district, the United States Attorney serves as the head of the Organized Crime Drug Enforcement Task Force (OCDETF) in thirteen regions of the country. The OCDETF core cities for the regions are: Boston, New York City, Baltimore, Atlanta, Miami, Detroit, Chicago, St. Louis, Houston, Denver, San Francisco, San Diego, and Los Angeles.

OCDETF was created in 1982 to identify, investigate, and prosecute members of high-level drug trafficking enterprises and related criminal groups (e.g.,

money laundering syndicates) and to destroy the operations of those organizations. OCDETF has been a major influence in the success of the asset seizure and forfeiture program. Many of the asset seizures and forfeitures reported by the investigative agencies would not have been possible without the support and team-work afforded through the OCDETF.

OCDETF has become the first totally successful ongoing, multi-agency law enforcement and prosecution team in the history of American law enforcement. Comprised of 4,200 men and women from the DEA, the FBI, the INS, the USMS, the Department of Justice Criminal and Tax Divisions, the IRS, the ATF, the U.S. Customs Service and the U.S. Coast Guard. In

addition, over 15,000 men and women from 5,000 State and local law enforcement agencies have joined OCDETF's efforts to destroy criminal organizations.

During the first ten years of operation, OCDETF has recorded impressive results. Since 1982, 5,101 investigations have been initiated resulting in 13,891 indictments and informations. Over 28,182 individuals have been convicted and 23,826 or 85 percent have been incarcerated with an average sentence of eight years. During this same time period, the OCDETF federal, state and local components working together on these major investigations seized \$1,054.6 million in cash and \$1,498.3 billion in property.

Law Enforcement Coordinating Committee

The United States Attorney also serves as the chairperson of the Law Enforcement Coordinating Committee (LECC) in his or her judicial district. The LECC coordinator is a member of the United States Attorney's staff and works to identify and facilitate the resolution of interagency law enforcement problems and to assure the cooperation and sharing of information and resources to maximize law enforcement effectiveness.

Based upon assessments of law enforcement needs, priorities, and capabilities, the LECC coordinators organize and participate on task forces aimed at attacking certain types of crimes (e.g., drug trafficking, financial crimes and pornography). The LECC coordinators have been tasked by the Deputy Attorney General to be the primary local federal liaison with State and local law enforcement agencies on matters related to equitable sharing of federally forfeited property.

John McNamara Case

In one of the largest civil forfeiture cases ever brought, the U.S. Attorney for the Eastern District of New York entered into a settlement agreement with

John McNamara, a Long Island auto dealer who defrauded General Motors Acceptance Corporation of approximately \$435 million by falsely representing the number of vehicles in his possession and then obtaining loans from General Motors for the ostensible purpose of purchasing more vehicles to sell. Under the terms of the settlement agreement, McNamara agreed to forfeit approximately \$400 million to the United States, an amount equaling virtually his entire remaining assets. The proceeds of the forfeiture will be transferred to the victims of the fraud.

Salomon Brothers, Inc.

Also, in FY 1992, the Department brought action against Salomon Brothers, Inc., charging the firm with conspiracy, in violation of the Sherman Act, to limit the supply of two-year Treasury notes available in the secondary and financing markets. As part of the \$290 million settlement between Salomon, the Department of Justice and the Securities and Exchange Commission, \$55.3 million was forfeited, which represented the largest antitrust forfeiture ever achieved.

Asset Forfeiture Office Criminal Division

The Asset Forfeiture Office (AFO) is responsible for providing legal advice and litigation support to the United States Attorneys' offices throughout the country. In addition, AFO serves as the general counsel to the EOAF. AFO advises and helps train United States Attorneys' offices and other Departmental components on forfeiture litigation strategies related to narcotics, organized crime and racketeering, obscenity, fraud, money laundering and international forfeiture cases. AFO adjudicates all petitions for remission and mitigation in judicial forfeiture cases.

As part of its program to strengthen the Government's ability to successfully litigate forfeiture cases,

the Department established a headquarters litigation unit within the Asset Forfeiture Office during FY 1992. The litigation unit has been entrusted with the responsibility of conducting forfeiture litigation in major, nationwide cases like BCCI and Polar Cap V, as well as providing assistance whenever requested by individual United States Attorneys' offices.

Bank of Credit and Commerce International (BCCI)

The largest criminal forfeiture to date was achieved in January, 1992, when the Justice Department filed a RICO indictment charging the Bank of Credit and Commerce International (BCCI) with racketeering activity relating to the illegal takeover of U.S. banks, tax fraud and money laundering. A federal district court in Washington, D.C. issued a preliminary order of forfeiture for all of the domestic assets of BCCI and three related corporations. This forfeiture order was issued pursuant to a plea agreement entered into by the Government with the four corporate defendants. At the time of the plea, the assets were believed to total about \$550 million in value, but the amount ultimately forfeited may be higher. As of June 30, 1992, \$430 million had been seized from BCCI. Under the terms of the plea agreement, the forfeited assets are to be used to pay the claims of victims of BCCI's fraudulent activities, fifty percent in the United States and fifty percent elsewhere in the world. Since the issuance of the two forfeiture orders, the Department has been defending the orders against claims by third parties alleging a priority as to the assets. While the amounts of the claims filed have exceeded the amounts anticipated to be ultimately forfeited, the Government has been successful in defeating the claims litigated to date. Such litigation is expected to continue for several more years before there is a final forfeiture order in the case.

Polar Cap V

A major, nation-wide money laundering investigation named Polar Cap V, led to the seizure of more than \$25 million in assets across the United States and in five foreign countries. The investigation focused on the movement of Colombian drug cartel funds by a major money laundering organization headquartered in the northeastern part of the U.S., but with assets transferred into numerous third part bank accounts located all over the country and abroad as well. The seized assets are now the subject of civil forfeiture actions pending in nine judicial districts. Most such actions have been recently concluded.

Weed and Seed

The Attorney General announced a new program during FY 1992 to help combat the problem of inner city violence and drug abuse. The Attorney General authorized state and local law enforcement agencies to receive and then re-transfer federally forfeited real properties to state and local governmental units or private non-profit organizations as part of the Weed and Seed program. Such properties may be used as locations for drug abuse treatment, prevention, education, and job training activities, as well as for any other project designed to foster the goal of the Weed and Seed program to rejuvenate communities plagued by violent crime and drug trafficking activities. At the close of the fiscal year, the first four transfers of real property under this program were awaiting final approval and processing.

FY 1992 Total Seizures and Forfeitures

Based on statistics submitted by the investigative agencies, seizures for FY 1992 totaled approximately \$1.9 billion. It is important to note that seizure statistics may be misleading, especially in comparison to

Asset Forfeiture Fund (AFF) net deposits. Seizure statistics generally reflect the best estimate of seizing agents as to the value of property and thus tend to be overstated. Additionally, not all seized property is forfeited (e.g., the property may be released or the forfeiture case may be lost). Seizure statistics also include the value of property that may be placed into official use or transferred to a State or local law enforcement agency. Thus, the value of seizures does not necessarily correspond to the level of AFF net deposits.

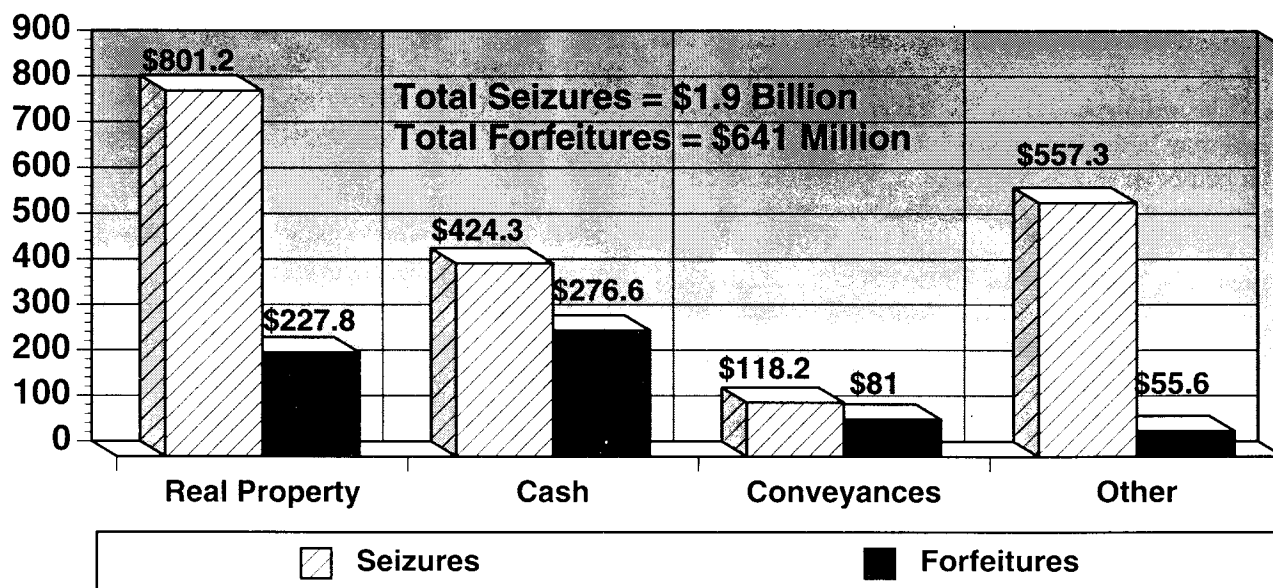
In FY 1992, total forfeitures amounted to approximately \$641 million. The forfeiture statistics are based on information received from the U.S. Marshals

Service and the seizing agencies. The USMS has the most accurate records regarding judicial forfeiture activity. The seizing agencies are in the best position to report the status of administrative forfeitures. The administrative forfeitures of the non-Justice seizing agencies are not deposited into the AFF and are not included in the total forfeiture figure for FY 1992.

While more accurate than seizure statistics, forfeiture statistics also have certain limitations and do not necessarily match the value of net deposits in the AFF. Forfeiture statistics are based on the appraised value of property and may or may not correspond to the sale value of the forfeited property. The AFF net deposits

Asset Forfeiture Program FY 1992 Seizures and Forfeitures

\$ Millions



Source: USMS, Seizing Agencies

reflect actual proceeds from sale, not the appraised value of the forfeited property. Additionally, several months usually elapse between the time the property is forfeited and the time the property is sold, thus the date property is forfeited is not necessarily the date the pro-

ceeds of sale are deposited into the AFF. It is important to note that the dollar value of forfeitures does not necessarily correspond to the dollar amount deposited into the Assets Forfeiture Fund. Net deposits to the Asset Forfeiture Fund in FY 1992 totaled \$531 million.

Chapter IV: Enhanced Cooperation Through Equitable Sharing

The most important objective of the asset forfeiture program is law enforcement. Equitable sharing further enhances this law enforcement objective by fostering cooperation among federal, state, local and foreign law enforcement agencies. Cooperation is enhanced by the Department's ability to equitable share the assets recovered from criminals with state and local law enforcement agencies as well as foreign governments that assist in the law enforcement effort that results in the forfeiture. Equitable sharing with state, local and foreign law enforcement agencies has built a coordinated global law enforcement coalition to fight the war against crime.

Equitable Sharing Authority

The Comprehensive Crime Control Act of 1984 authorized the Attorney General to equitably share federal forfeiture proceeds with state and local law enforcement agencies. Pursuant to 21 U.S.C. 881(e)(3), the Department of Justice can equitably share federal forfeiture proceeds with participating law enforcement agencies to the extent that the share reflects "the degree of direct participation of the state or local agency in the law enforcement effort resulting in the forfeiture, taking into account the total law enforcement effort with respect to the violation of law on which the forfeiture is based." The Department has authority to share both cash and tangible property (e.g. vehicles, vessels and other equipment for official use) with cooperating law enforcement agencies. All equitably shared cash and tangible property must be used for law enforcement purposes pursuant to Department of Justice policy.

Equitable Sharing Procedures

Equitable sharing can only occur after the federal forfeiture has been completed and the United States has taken clear title of the property. In addition, equitable sharing is delayed if a claimant has filed a petition for remission or mitigation of the forfeiture. If the forfeiture involves property which must be sold, sharing can not occur until the sale is complete and the net proceeds of sale are determined.

There are two ways in which state and local law enforcement agencies may participate in the Department's equitable sharing program. First, any state or local law enforcement agency that directly participates in a joint investigation with a federal seizing agency may request an equitable share. Second, a state and local agency may qualify for equitable sharing by bringing property it has seized under state law to a federal seizing agency for federal forfeiture.

Joint Investigations

A state or local law enforcement agency may directly participate with federal seizing agencies in the investigation or prosecution of violations of federal law which provide for the forfeiture of property. The amount of the equitable share for each agency is determined on a case-by-case basis reflecting the overall level of participation of each agency. In addition to the amount of manpower committed to the investigation, there are other factors which must be considered when determining the amount of the state or local agency's share. Federal decision makers must consider such things as: whether the agency originated the information that led to the seizure; whether the information was obtained fortuitously or by use of the agency's investigative resources; whether the agency initially identified the asset for seizure; whether the agency provided unique or indispensable assistance; and whether

the agency could have achieved forfeiture under state law, with favorable consideration given to any agency that could have forfeited the asset on its own, but joined forces with the Federal Government to make a more effective investigation.

In a simple case where a local police department works with a federal investigative agency (e.g. the Drug Enforcement Administration) and both the police department and the federal agency contribute an equal amount of time and effort to the case, the net proceeds of the forfeiture are divided evenly between the local police department and the Department of Justice Assets Forfeiture Fund.

Adoptive Forfeiture Cases

A state or local law enforcement agency that has seized property may request that a federal investigative agency adopt the seizure and proceed with federal forfeiture. Some states have ineffective forfeiture laws. To assist state and local law enforcement agencies in their fight against crime, the Department established a policy of “adopting” state and local seizures and using federal law to forfeit the property. A federal investigative agency may “adopt” the state or local seizure if the property seized is forfeitable under a federal law enforced by the Department.

Following federal forfeiture, the United States returns eighty-five percent of the net proceeds of the forfeiture in all “adoptive” cases to the state or local agency that seized the property. Fifteen percent is retained by the United States to cover its forfeiture costs. In the rare “adoptive” seizure that is forfeited in a contested judicial proceeding, the United States retains twenty percent of the net proceeds to help cover its costs.

International Sharing

In addition to domestic equitable sharing, the Department of Justice has authority to share forfeited

property with foreign governments pursuant to 21 U.S.C. 881(e)(1)(E). Until recently, the Department had vigorously pursued forfeitable property only within the jurisdiction of the United States. As a result, drug traffickers, racketeers and other criminals evaded U.S. forfeiture laws by depositing and investing large amounts of their illicit wealth overseas. The international law enforcement community has come to realize that, without cooperation among all nations affected by the scourge of drugs and other illegal activity, drug traffickers and other organized criminals can circumvent forfeiture legislation simply by removing their illicit wealth from the country where it was generated. The Department is committed to divesting criminals of their illicit wealth, regardless of where these assets are found. The fight against crime is increasingly an international battle.

International cooperation is essential if forfeiture is to remain an effective law enforcement tool. Forfeiture aims to take away what a criminal has illicitly gained and to return it to the community in the form of enhanced law enforcement protection. The United States has entered into numerous bilateral and multilateral agreements which provide for international cooperation and assistance. The Department strongly supports the concept of reciprocal international asset sharing.

During FY 1992, the Department of Justice continued to promote international forfeiture cooperation and asset sharing with its international law enforcement partners. The success of this initiative was manifested through the negotiation of bilateral agreements providing for forfeiture cooperation and asset sharing. The United States and the Netherlands (including the Netherlands Antilles and Aruba) negotiated a forfeiture assistance and asset sharing agreement in FY 1992. The respective governments are now reviewing the draft for implementation. The United States also negotiated a general asset sharing agreement with the Cayman Islands and is in the process of negotiating such an agreement with several other jurisdictions.

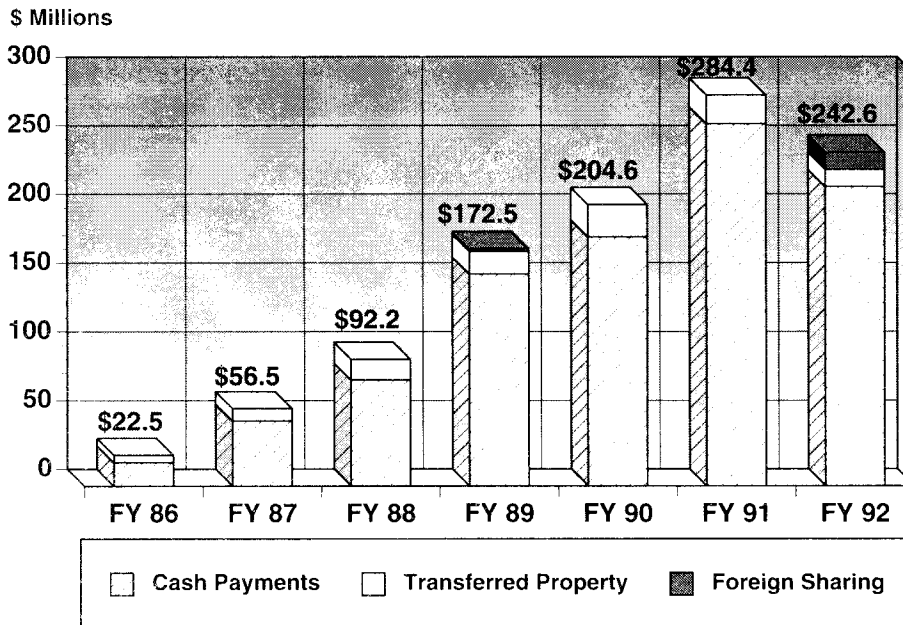
Moreover, the Home Secretary of the United Kingdom advised the Attorney General that the British will consider, on a case-by-case basis, sharing with the United States the proceeds of forfeiture cases brought by the British to recover assets found in the United Kingdom which were obtained as a result of a domestic United States drug trafficking offense. Under British law, it is permissible to directly enforce foreign forfeiture judgements in drug cases. The United Kingdom did so this past year for the first time when it seized more than \$1 million deposited into two London banks by Jose Rodriguez Gacha, a former Medellin Drug Cartel leader, who was killed in a shootout with Colombian police several years ago. The seizures were made to carry out civil forfeiture orders obtained by the United States Attorney's Office in the Middle District of Florida for the contents of the two London bank accounts.

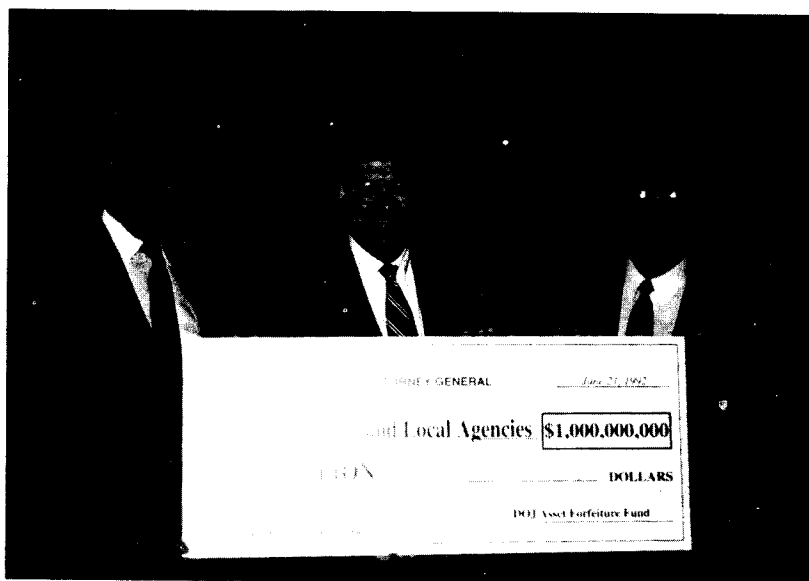
Reflecting the increased level of international cooperation obtained in connection with our domestic forfeiture cases, the United States shared substantial amounts of forfeited proceeds with cooperating foreign jurisdictions during FY 1992. The United States transferred \$12.4 million in forfeited assets to foreign governments. An additional \$13 million was authorized for transfer by the Attorney General and the Secretary of State, subject to completion of a sharing agreement between the United States and the recipient as required by statute.

Sharing of Federal Forfeiture Proceeds

Equitable sharing of federal forfeiture proceeds has dramatically improved cooperation among federal, state, local and foreign law enforcement agencies. The

Equitable Sharing





Attorney General William Barr presents \$1 billion equitable sharing check to the National Sheriff's Association

Department of Justice first equitable sharing occurred in FY 1986. That year Justice agencies shared \$22.5 million in federally forfeited cash and tangible property with state and local law enforcement agencies. Since the beginning of the program, sharing has increased over ten-fold. Total equitable sharing in FY 1992 totaled \$230.1 million, including \$12.4 transferred to foreign governments. In addition, the Department transferred properties valued at \$12.5 million to state and local law enforcement agencies this year. In FY 1992, a total of \$242.6 million in forfeited cash and tangible property was shared with state and local law enforcement agencies.

In 1992, a significant milestone in the asset forfeiture program was reached when total equitable sharing surpassed the \$1 billion mark. Since asset forfeiture began in 1986, over \$972.3 million in cash and \$103 million in tangible property have been reinvested into law enforcement efforts at the state and local levels.

On June 21, 1992, Attorney General William P. Barr commemorated this milestone by presenting a facsimile check in the amount of \$1 billion to the National Sheriff's Association representing the more than 3,300 state and local law enforcement agencies that have received funds through the equitable sharing program since 1986.

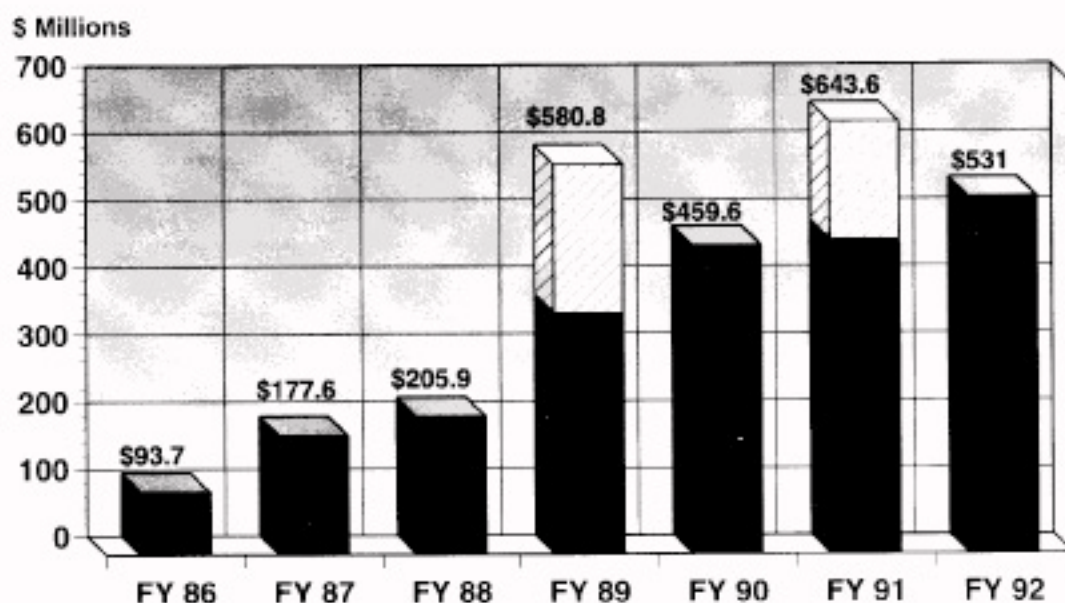
The increased cooperation that the equitable sharing program has fostered among federal, state, local and foreign law enforcement agencies has been highly successful. Enhanced law enforcement cooperation is a major factor in the dramatic growth of federal forfeitures. As a result, sharing of federal forfeiture proceeds has increased revenue for the Asset Forfeiture Program. Revenue produced from forfeitures is an invaluable source of funding that is reinvested into federal, state, local and international law enforcement to fight the war against crime.

Chapter V: Revenues For The War On Crime

When the law enforcement and cooperative objectives of the forfeiture program are successfully pursued, a natural by-product is revenue which is reinvested into federal, state, local and international law enforcement. The revenue potential of asset forfeiture is great. Since 1985, over \$2.7 billion in illicit cash and proceeds from sale of seized property have been deposited into the Assets Forfeiture Fund

(AFF). Funds obtained through the asset forfeiture program are put back into the fight against crime at all levels of government, both domestically and internationally. This re-investment of forfeiture proceeds in law enforcement has made possible the remarkable growth in federal forfeitures. Without revenue from forfeitures, law enforcement agencies would not have the adequate resources to execute an aggressive asset forfeiture program.

Assets Forfeiture Fund Net Deposits



FY 89 includes \$222M from the Drexel Burnham Lambert case.
FY 91 includes \$176.3M from the Michael Milkin case.

Assets Forfeiture Fund

The Assets Forfeiture Fund is an account in the Treasury Department that receives forfeited cash and the proceeds of sale from forfeited property from all cases involving the Department of Justice and the judicial cases from those non-Justice agencies that are participating in the Program. The Assets Forfeiture Fund allows proceeds of successful forfeiture cases to be re-invested directly into law enforcement efforts rather than to be deposited in the Treasury General Fund. The AFF also serves as a barometer to measure the success of the forfeiture program in terms of net deposits.

Net Deposits to the AFF

Net Deposits to the Assets Forfeiture Fund totaled over \$2.7 billion since its creation in 1985. In FY 1985, \$27 million in forfeited cash and property sale proceeds were deposited into the Fund. Seven years later, net deposits to the Assets Forfeiture Fund increased eighteen-fold totalling \$531 million in FY 1992. The diversity of income and refund categories that track the funds in the AFF is reflected below.

Forfeited Cash	\$362,370,705
Proceeds from Sale of Forfeited Property	113,555,428
Payments and Penalties in Lieu of Forfeiture	46,123,764
Recovery of Asset Management Costs	3,209,358
Transfers from Customs Forfeiture Fund	2,253,471
Transfers from Other Federal Agencies	123,335
Miscellaneous Income	33,444
Proceeds from Investment of Forfeited Cash	7,241,838
Proceeds from Investment of Seized Cash	8,067,591
Proceeds from Investment of BCCI Funds	5,998,537

Refunds	(6,598,367)
Refunds to Customs Forfeiture Fund	(3,800,826)
FIRREA Refunds	(340,192)
Refunds to U.S. Postal Fund	(697,283)
Refunds to Other Federal Agencies	(6,573,481)
Net Deposits to the Asset Forfeiture Fund	\$530,967,322

It is important to note that net deposits to the Assets Forfeiture Fund reflect actual deposits minus any refunds. Refunds reflect the transfer of funds from the AFF to other federal agencies where Congress has expressly provided for the return of forfeited proceeds to these agencies. These refunds are generally the result of joint investigations, the amount reflecting the degree of participation by the other agency. In FY 1992, nearly \$4 million was transferred to the National Oceanic and Atmospheric Administration for a joint investigation in Alaska of crimes against wildlife and the environment.

For the most part, income to the Assets Forfeiture Fund is attributed to forfeited cash and proceeds from the sale of forfeited property. Proceeds from the sale of forfeited property generated 21% of all income to the Assets Forfeiture Fund. Income from the U.S. Marshals' sales of forfeited property reached an all-time high of \$113.6 million in FY 1992.

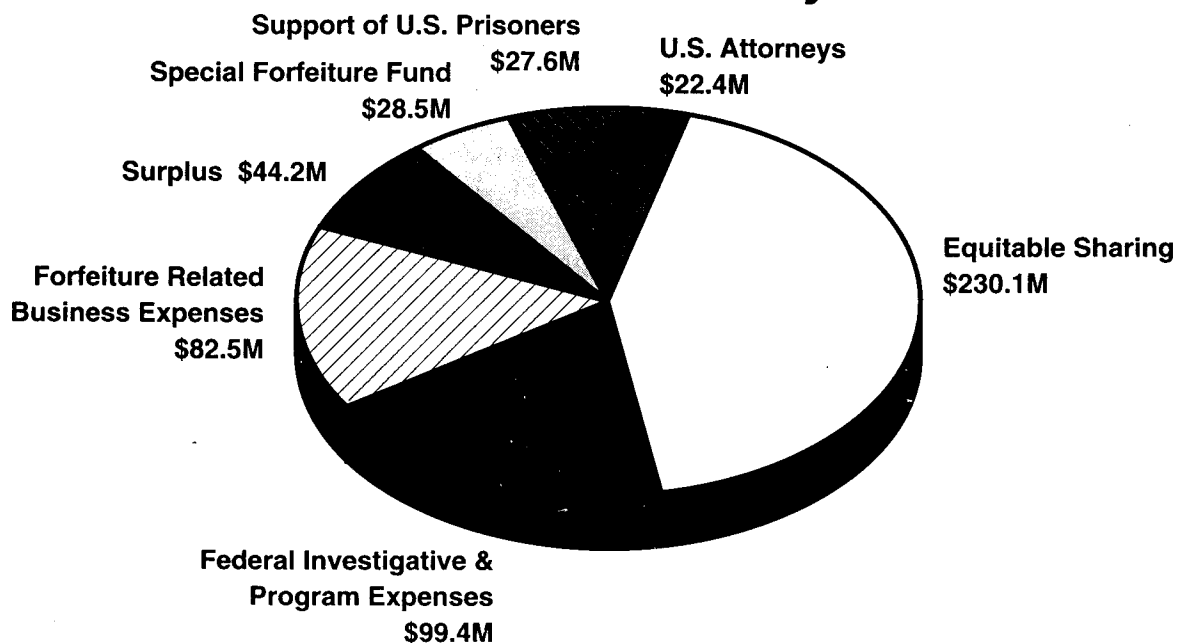
Additional income includes interest earned on the balances of the Asset Forfeiture Fund and the Seized Asset Deposit Fund. Investment income constituted 4% of all revenue to the AFF in FY 1992. In FY 1992, legislation provided authority to invest the holdings of the SADP, providing a new source of revenue to the Program. Investment income from the SADP totaled \$8.1 million in FY 1992. (This does not include \$6 million in interest income earned from investment of

proceeds relating to the forfeiture of the Bank of Credit and Commerce International (BCCI). Interest earned on BCCI funds is limited to distribution by order of the court.) Interest earned on the balance of the Assets Forfeiture Fund totaled \$7.2 million in FY 1992. Total investment income earned in FY 1992 was \$21.3 million, including interest earned on BCCI funds.

The \$531 million in forfeiture proceeds confiscated from criminals in FY 1992 was pumped back into law enforcement in various ways. A total of \$99.4 million has helped finance program management and investigative expenses associated with the anti-crime efforts of the federal law enforcement agencies participating in the Program. Another \$82.5 million was expended for the business costs of the Program associated with the management and disposal of seized and forfeited

assets, case related expenses and innocent third-party payments. Another \$230.1 million in forfeited cash was disbursed to state and local law enforcement agencies, including \$12.4 million transferred to foreign governments. Equitable sharing payments represented 43% of all fund expenses in FY 1992. In addition, the Department transferred property valued at \$12.5 million to state and local law enforcement agencies this year. Since the equitable sharing program began in 1986, over \$1 billion has been shared with state and local law enforcement agencies. The increased cooperation that the equitable sharing program has fostered among federal, state, local and international law enforcement agencies has been very successful and is a major factor in the dramatic growth of federal forfeitures.

FY 1992 Federal Forfeitures: *Where Did The Money Go?*



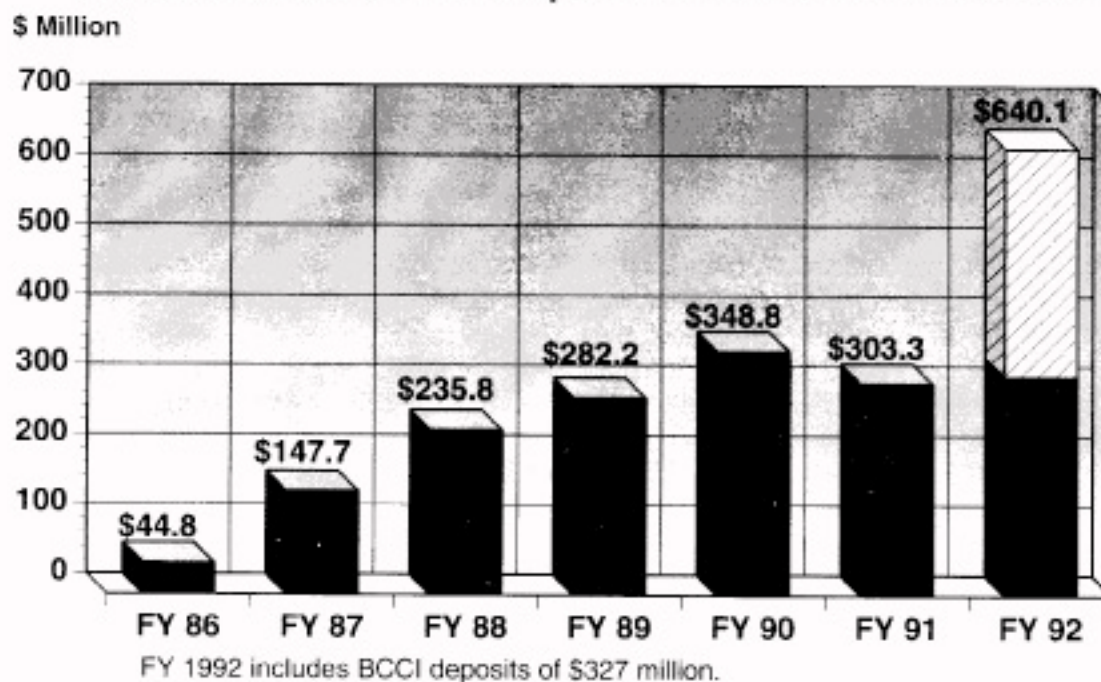
After paying out all expenses and adding in prior year adjustments, the Assets Forfeiture Fund successfully ended the fiscal year with a surplus balance of \$138.7 million. Of this amount, Congress has earmarked \$50 million to be transferred in accordance with the 1993 Justice Appropriations Act to the U.S. Attorneys Salaries and Expenses appropriation (\$22.4 million) and to the Support of U.S. Prisoners appropriation (\$27.6 million). In addition, a total of \$28.5 million was transferred to the Special Forfeiture Fund for implementation of the National Drug Control Strategy. Also \$6 million in investment income earned on the forfeiture proceeds relating to the Bank of Credit and Commerce International (BCCI) will be transferred out of the AFF to various court-ordered recipients. Approximately \$10 million will remain in the Assets Forfeiture Fund to cover initial FY 1993 expenses. The remaining balance, more commonly referred to as the "super surplus" is now available for the Attorney General "to procure vehicles, equipment, and other capital investment items for the law enforcement, prosecution, and correctional activities of the Department of Justice," pursuant to the Dire Emergency Supplemental Appropriations Act of 1991, P.L.102-27 dated April 10, 1991. The funding of capital investment items would not have been possible had AFF deposits not been as high, making the super sur-

plus a reality. Thus, an additional \$44.2 million is being pumped back into law enforcement at no cost to the taxpayers.

Asset forfeiture continues to hold great potential. At the end of FY 1992, the inventory of seized assets being held pending forfeiture consisted of over 32,000 properties valued at approximately \$1.9 billion. This inventory of seized property included over 5,000 real properties and businesses valued at \$886.1 million, as well as over 8,000 cash cases valued at \$670.2 million. Seized cash is deposited into the Seized Asset Deposit Fund (SADF), a special holding account at the U.S. Treasury, which ended the fiscal year with a balance of \$640 million. The SADF balance includes BCCI deposits of \$327 million. The remaining seized inventory in the Department's custody includes aircraft, vessels, vehicles, jewelry, and other forms of personal property.

In FY 1992, asset forfeiture has pumped \$531 million of criminal proceeds back into law enforcement at all levels of the government thus enhancing law enforcement at no cost to the taxpayers. Every dollar forfeited is a dollar less to finance the war against drug trafficking, organized crime and money laundering. Overall, FY 1992 was another successful year for the Asset Forfeiture Program.

Seized Asset Deposit Fund Balances



Chapter VI:

Program Accomplishments

The dramatic expansion of the asset forfeiture program that now includes almost \$2 billion in seized property requires that there be strong central management to ensure the integrity of the program and to achieve the full law enforcement and revenue generating potential of the program. The need for improved management and coordination of this wide-spread, fast-growing program led the Attorney General to create the Executive Office for Asset Forfeiture in October 1989. The Attorney General established the EOAF in the Office of the Deputy Attorney General and identified the program as a "material weakness" pending fulfillment of his requirement for development and implementation of a complete range of management enhancements.

In 1991, the Attorney General approved a reorganization of the Executive Office for Asset Forfeiture. The reorganization transferred certain functions to this Executive Office and expanded the level of resources devoted to oversight, management and direction of the asset forfeiture program. In addition, the Attorney General mandated that EOAF implement corrective actions as part of its mission in overseeing the forfeiture program. The EOAF, in cooperation with the participating components, are committed to strengthening and improving the forfeiture process through the implementation of several program-wide initiatives.

Program Accomplishments

Through numerous management and oversight initiatives, the EOAF has made significant progress towards improving the forfeiture program in FY 1992. The following represent the most significant actions:

- A physical inventory of all seized assets in the custody of the U.S. Marshals Service and the investigative agencies was conducted. In addition, the results of the physical inventory were recon-

ciled with both the manual and automated records of the USMS and the investigative agencies.

- A Memorandum of Understanding for asset management consolidation was developed between the USMS and the U.S. Customs Service.
- The investment program of the Seized Asset Deposit Fund was initiated. Explicit statutory authority for investment of the SADF was enacted on October 28, 1991.
- A new accounting structure was established to improve funds control and to track expenses more accurately.
- Reviews of cash management practices within the Asset Forfeiture Program were conducted.
- Asset forfeiture support staffing requirements for sizing the support staff work force needed to process and account for assets seized for forfeiture have been developed.
- A Financial Investigations Check List and Guide were issued. These pamphlets are designed to acquaint prosecutors and agents with basic financial investigative techniques that should be considered in every investigation.
- An informative and educational video on the asset forfeiture program was produced, entitled "Crimes for Profit".
- A display, "Spirit of Cooperation," highlighting the Asset Forfeiture Program was presented by EOAF in cooperation with the participating components in the 1400 corridor of the Main Justice building and at the annual Organized Crime Drug Enforcement Task Force Conference in San Antonio, TX.

In cooperation with EOAF, the participating components are also implementing several initiatives to improve the forfeiture program. Some of the improvements include the following:

The DEA produced a monthly national newsletter, Asset Forfeiture Report (AFR), during FY 1992. This report provides a timely platform for DEA forfeiture personnel to communicate and share ideas on case seizures, asset removal, trends and developments, and other information relating to asset forfeiture.

The DEA and the USMS formalized a joint initiative in which full-time deputy marshal positions were approved and assigned to each of DEA's nineteen Division Asset Removal Groups (DARGs). These deputy marshals became members of DEA's DARGs and have worked in complex forfeiture investigations, facilitated pre-seizure coordination for all 94 U.S. Marshals (within the geographical reach of the particular DARG) and have increased coordination with major multi-district seizures.

The DEA completed work on DEA's requirements for the use of commercial database services. A determination was made as to the specific types of database retrievals being made by DEA field divisions in support of the asset removal program. Information collected is now being assessed for the development of user screens which should make the services easier for the DEA community to use.

DEA's Hazardous Waste Disposal Unit completed the development, review and award of a major new contract to various qualified hazardous waste management firms.

The FBI began modifying new agent training at Quantico, Virginia, to include forfeiture as an integral part of all investigative program courses.

The INS made significant progress towards establishing a centralized management unit within INS to oversee seizure and forfeiture activities. Four new positions were created for the headquarters office for asset forfeiture in INS.

The INS completed a draft Conveyance Seizure Manual (CSM). Upon completion of a final draft, this manual will serve as a guideline for the seizure and forfeiture of conveyances for all INS field offices.

The USMS has more clearly defined the requirements for the National Statements of Work for the comprehensive management and disposal of seized and forfeited vehicles. Levels of maintenance for vehicles have been established based on their loan value as determined by the NADA Official Use Car Guide. Districts that have vehicles with a value of \$500 or less have the option of selling them to licensed salvage and scrap dealers. This initiative is pursuant to the Directors interim guidelines for the disposal of low value vehicles.

The USMS and the U.S. Customs Service (USCS) signed a Memorandum of Understanding (MOU) for the post-seizure management and disposal of non-cash, seized and forfeited assets. Specifically, the USMS will accept all USCS seized and forfeited real property; the USCS will accept all USMS seized and forfeited vessels; and vehicles will be consolidated in locations which are feasible and economical. The implementation of this MOU is limited to four pilot districts for a period of six months. To date, all transfers of property have been successful.

The USMS participated in and provided funding support for the publication "The General Services Administration Guide to Federal Government Sales". This publication provides accurate information to the public about the

Seized Assets Program and will undercut the efforts of unscrupulous companies who sell information to the public that is often inaccurate, incomplete, or misleading.

The AFO of the Criminal Division established a headquarters litigation unit to strengthen the Government's ability to successfully litigate forfeiture cases. The litigation unit is responsible for conducting forfeiture litigation in major, nationwide cases like BCCI and Polar Cap V, as well as providing assistance to U.S. Attorneys' Offices.

Policies and Procedures

In addition to the various management initiatives, the EOAF issued several program-wide policies and procedures. The following policies and procedures were issued by EOAF in FY 1992:

- Procedures to streamline and expedite the processing of international forfeitures and international sharing;
- Departmental policy on the Attorney General's authority to warrant clear title upon transfer of forfeited property;
- Policy on the administrative forfeiture of bank accounts;
- Policy on the disposition of cost bonds;
- Policy and procedures regarding the use and transfer of federally forfeited real property to support Weed and Seed programs;
- Policy regarding the transfer of property which is judicially forfeited under the Magnuson Fisheries Conservation and Management Act from the Department of Justice to the National Oceanic & Atmospheric Administration; and
- Policy on bona fide purchasers for value and the relation back doctrine in civil forfeiture.

Consolidated Asset Tracking System (CATS)

One of the most important initiatives of the EOAF is the development and management of a Consolidated Asset Tracking System (CATS). In October of 1990, the Deputy Attorney General chartered the design, development and implementation of an integrated information system to support the various agencies participating in the Department's asset forfeiture program. CATS will integrate all participating federal agencies nation-wide into a single automated system. There are currently 12 federal agencies, DOJ and non-DOJ, participating in the Department's asset forfeiture program.

CATS will improve the everyday work flow of the asset forfeiture program. This system will avoid duplicate data entry which presently occurs due to the incompatible asset forfeiture systems of the various participating components. With CATS, an asset is assigned a standard identifier and all agencies will use the same asset identifier to recall that asset. With all participating agencies using the same system, any user of CATS will have at his disposal the current status and processing details for any asset, regardless of which agency added the information. The entire life-cycle of the asset is available from several query screens. Furthermore, CATS will incorporate e-mail and document generating capabilities to facilitate communication and correspondence between the participating agencies.

CATS will provide a consolidated asset forfeiture database to track information and support operations in all of the asset forfeiture program's business function areas for both administrative and judicial cases. This includes information regarding seizure, custody, notification, forfeiture, claims, petitions, equitable sharing, official use, and disposal. Additionally, all asset specific financial information will be an integral part of the CATS database.

In FY 1992, the CATS project team continued work on the system development of CATS. The system development of CATS is scheduled to be completed at the end of March 1993 at which time final testing will begin at a pilot site. When the testing is successfully concluded, full scale implementation will proceed throughout all of the participating agencies. By the end of FY 1993, CATS will be fully functioning and supporting the asset forfeiture program at a level equal to or greater than the current level of support. The functionality of CATS will be enhanced and additional field sites will be implemented throughout FY 1994.

Training

Due to the evolution and development of forfeiture legislation, policies and procedures, training continued to be a priority in FY 1992. Training is integral to the ongoing effectiveness of asset forfeiture as a law enforcement tool. The various participating components conducted and participated in various training conferences and seminars in FY 1992.

The EOUSA and AFO organized and presented basic, advanced and specialized forfeiture training to a total of 431 government prosecutors in FY 1992. In addition, the EOUSA and AFO, in coordination with EOAF, conducted three regional component seminars in FY 1992. In these seminars, representatives from all the participating components meet to discuss mutual problems in processing forfeiture cases and ways to improve the overall forfeiture program in their region. Also, the AFO, in coordination with EOUSA, conducted two international forfeiture seminars. The international seminars helped to promote closer cooperation between the jurisdictions involved by providing a better understanding of the participants' legal systems and forfeiture laws.

Within the U.S. Attorneys' Offices, the LECC (Law Enforcement Coordinating Committee) coordinator sponsored 55 asset forfeiture training conferences

in 33 judicial districts. More than 3,000 federal, state and local law enforcement personnel were trained at these conferences in FY 1992.

In addition, the various investigative agencies organized and conducted several forfeiture training programs in FY 1992. Continuing its active training program, the DEA provided asset forfeiture training to more than 2,500 individuals. The FBI continued its aggressive asset forfeiture training program training over 500 special agents and 300 specialized support personnel. The INS held a training conference in FY 1992, attended by more than 100 vehicle seizure officers, attorneys and administrative support personnel. In FY 1992, the USMS personnel received specialized forfeiture training conducted by the Seized Asset Division, the Procurement and Contracts Division, and the Training Academy Division. The USPS training program this year included four advanced forfeiture training seminars. The USSS conducted four basic asset forfeiture classes during FY 1992, training approximately 150 special agents and administrative personnel. Realizing the importance of forfeiture training, the IRS dedicated a new criminal investigation forfeiture training and computer center at the Federal Law Enforcement Training Center (FLETC) in Brunswick, Georgia in FY 1992.

Audits and Evaluations

Due to its dramatic growth, the asset forfeiture program has become extremely high profile. The Office of Management and Budget (OMB) designated the federal asset forfeiture program as one of its one hundred "high risk" programs requiring close OMB oversight. In addition, the General Accounting Office (GAO) designated the "Management of Seized and Forfeited Assets", including both the Department of Justice and Customs Service operations, as one of the fourteen program areas in the Executive Branch that warranted special GAO audit and review. Furthermore, reports

of the GAO, the House Appropriations Committee, the House Judiciary Committee, and the Department's own Office of the Inspector General have pointed out the need for stronger central management and direction of the asset forfeiture program. The asset forfeiture program is one of the most examined programs in the federal government.

The Office of the Inspector General (OIG) conducted six audits and inspections of the forfeiture program in FY 1992. The OIG Inspection Staff conducted a review of adoptive seizure policies and activities of the Department and selected field offices. In addition, the OIG completed an inspection on pre-seizure planning. The OIG Inspection Staff also conducted a review of the coordination of the Asset Forfeiture Program by the Executive Office for Asset Forfeiture. Furthermore, the OIG audited the financial statements of both the Assets Forfeiture Fund and Seized Asset Deposit Fund for the year ending September 30, 1991. The OIG Audit Staff also completed a review of the Department's contract with Ebon Research Systems to determine whether the contract is meeting the performance needs of the Department and whether the contractor is complying with the contract requirements.

Two reviews were completed by the General Accounting Office in FY 1992, both focusing on the equitable sharing program. The GAO conducted a review entitled "Asset Forfeiture: USMS Internal Control Weaknesses Over Cash Distributions". In this review, GAO conducted an internal control examination over the disbursement of sharing payments to state and local law enforcement agencies in two USMS districts. In addition, the GAO conducted a review focusing on the use of shared assets, primarily cash, by state and local law enforcement agencies. This report is entitled "Asset Forfeiture: Improved Guidance Needed for Use of Shared Assets".

Another review of the equitable sharing program was undertaken by the Management and Planning Staff (MPS) of the Justice Management Division

at the request of the Director of the Executive Office for Asset Forfeiture. The MPS completed a management review to identify the most feasible options available for strengthening the policies and procedures of the equitable sharing program.

To supplement these efforts, the Executive Office for Asset Forfeiture has initiated reviews of selected aspects of the Asset Forfeiture Program. The EOAF has contracted with Systems Flow, Inc., a private industrial engineering firm, to examine the use of support personnel in the forfeiture program and to develop staffing standards for support personnel to handle the extraordinary volume of paperwork within this program. The EOAF also contracted with a private training evaluation firm, HumRRO International, to examine asset forfeiture training and to recommend methods for improving the quality and delivery of asset forfeiture training.

In addition, the EOAF, with the assistance of the investigative agencies and the Asset Forfeiture Office, conducts periodic reviews of seized and forfeited cash not on deposit in the Seized Asset Deposit Fund at the Treasury Department. These periodic reviews of the program's cash handling practices have been initiated to improve cash accountability and to minimize the risk of loss, misuse, or theft of funds. In FY 1992, three reviews were conducted.

The participating components has also directed various program reviews of the asset forfeiture program.

- The USMS performed 64 program management reviews in FY 1992. The program management review is an internal unbiased review of each USMS office and provides the Marshal with recommendations for implementation of internal controls that will reduce the vulnerability for waste, fraud, misuse or abuse.
- The USMS also conducted 22 contract management reviews. Through contract management

reviews, USMS personnel, from both district offices and headquarters, work to identify and deter fraud, waste and abuse by contractors who manage and dispose of seized and forfeited property.

- The Executive Office for U.S. Attorneys performed reviews of asset forfeiture activities in 23 U.S. Attorneys' Offices as part of the legal management reviews of civil and criminal cases.

- During FY 1992, DEA conducted a program wide review of its asset forfeiture activities in both the field and headquarters. A determination was made that the growth and expansion of the asset removal program over the past decade has caused some management and operational problems which need to be addressed and resolved. Most of these concerns are the result of the workload exceeding the capabilities of the resources available to administer the program.

Appendix A

DEPARTMENT OF JUSTICE ASSETS FORFEITURE FUND
STATEMENT OF INCOME AND EXPENSES
FISCAL YEAR 1992
(October 1, 1991 through September 30, 1992)

<u>BALANCE, START-OF-YEAR</u>		\$ 8,636,22.
<u>DEPOSITS:</u>		
From forfeited cash	\$362,370,706	
From sale of forfeited property	113,555,428	
From payments in lieu of forfeiture	46,123,764	
From investment of balances	21,307,965	
From recovery of asset management costs	3,209,359	
From other federal agencies	2,376,805	
Miscellaneous income	<u>33,444</u>	
Gross deposits	548,977,471	
Less refunds	<u>(18,010,149)</u>	
Net deposits - FY 1991	530,967,322	<u>530,967,322</u>
Total available for appropriation		539,603,543
<u>EXPENSES OF PRODUCTION:</u>		
Asset management and disposal	(44,030,886)	
Payments to third parties	(26,827,258)	
Forfeiture case prosecution	(11,611,470)	
ADP equipment	(12,523,290)	
Special contract services	(39,719,874)	
Forfeiture training and printing	(5,815,715)	
Other program management	<u>(1,472,555)</u>	
Total forfeiture program expenses	(142,001,048)	(142,001,048)
<u>EXCESS OF REVENUES OVER EXPENSES:</u>	397,602,495	
<u>DISTRIBUTION OF EXCESS REVENUES:</u>		
Equitable sharing payments	(230,085,180)	
Awards for information	(20,022,987)	
Purchase of evidence	(12,571,400)	
Contracts to identify assets	(570,000)	
Equipping of conveyances	(6,275,213)	
Storage, protection & destruction of drugs	(455,000)	
Transfer to Special Forfeiture Fund ¹	<u>(28,476,000)</u>	
Total distributions	(298,455,780)	(298,455,780)
Adjustments to prior years - net	<u>11,046,504</u>	<u>11,046,504</u>
Change in Fund balance - FY 1992	101,556,998	
FUND BALANCE, END-OF-YEAR		\$110,193,21

¹ A total of \$28,476,000 was transferred from the Assets Forfeiture Fund to the Special Forfeiture Fund.

Appendix B

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SUMMARY OF FINANCIAL ACTIVITY
FISCAL YEAR 1992

Source of Receipts (\$530,967,322). Total net deposits to the Assets Forfeiture Fund consisted of forfeited cash of \$362.4 million; proceeds from the sale of forfeited property of \$113.6 million; payments in lieu of forfeiture of \$46.1 million; investment income of \$21.3 million; recovery of asset management costs of \$3.2 million; transfers from other federal agencies of \$2.4 million; and refunds of -\$18 million.

Liens and Mortgages (\$26,827,258). The total amount of liens and mortgages paid from the Assets Forfeiture Fund may appear low in comparison to total receipts. As a general rule, valid liens or mortgages are deducted from gross sales proceeds before the proceeds are deposited to the Assets Forfeiture Fund. Also, included in the amount reported are payments from the Fund in connection with the remission or mitigation of a forfeiture, in accordance with procedures outlined in 28 C.F.R. Part 9.

Equitable Sharing Payments (\$230,085,180). Equitable sharing payments represent the transfer of portions of federally forfeited cash and sale proceeds to State and local law enforcement agencies and foreign governments that assisted in targeting or seizing the property. Most task force cases, for example, result in property forfeitures whose proceeds are shared among the participating agencies. In FY 1992, a total of \$230.1 million in forfeited cash was equitably shared with State and local law enforcement agencies.

Estimated value of property forfeited in FY 1992 with respect to which funds were not deposited in the Fund (\$29,578,833). In addition to the authority to sell property forfeited under laws enforced or administered by the Department of Justice, the Attorney General is also authorized to retain forfeited property for official use, and to transfer forfeited property to another federal agency or to any State or local law enforcement agency that participated directly in the seizure or forfeiture of the property.

In FY 1992, federally forfeited conveyances and other tangible property worth approximately \$12.5 million were transferred to State and local law enforcement agencies that assisted in targeting and seizing the property through equitable sharing.

Approximately \$16.6 million worth of conveyances and personal property were retained for official use by the Drug Enforcement Administration, Federal Bureau of Investigation, Immigration and Naturalization Service, U.S. Marshals Service, U.S. Postal Inspection Service, Internal Revenue Service, U.S. Park Police and the U.S. Secret Service.

In addition, \$452,970 in forfeited property was transferred by the Department of Justice to non-participating federal agencies for official use.

Total Value of Property Forfeited and Not Deposited into the Assets Forfeiture Fund:

Property Placed into Official Use:

Federal Bureau of Investigation	\$8,887,814
Drug Enforcement Administration	4,232,288
Immigration & Naturalization Service	1,961,750
U.S. Marshals Service	851,062
Internal Revenue Service	433,048
U.S. Postal Inspection Service	162,086
U.S. Park Police	76,726
U.S. Secret Service	<u>13,025</u>

Subtotal	\$16,617,799
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Property Transferred to State and Local Law Enforcement Agencies:	\$12,526,937
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Property Transferred to Non- Participating Federal Agencies:	<u>\$ 452,970</u>
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TOTAL VALUE OF PROPERTY FORFEITURE AND NOT DEPOSITED INTO THE AFF	\$29,602,106
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Amount of Seized Cash Held as Evidence (\$12,481,180). Most of the cash seized by the Department of Justice was used in or derived from violations of the Controlled Substances Act. The Department of Justice has custody of the cash until the seizing agency, through internal administrative procedures, or a federal district court, through a civil or criminal proceeding, determines if the money should be forfeited to the United States or must be returned to the person from whom it was seized or to another innocent party.

Department of Justice policy requires that, unless there are compelling reasons to retain seized cash as evidence in a criminal proceeding, it must be deposited in the Seized Asset Deposit Fund (SADF), a special holding account at the U.S. Treasury Department. The SADF ended the fiscal year with a balance of \$313.1 million, not including SADF deposits of \$327 million associated with the forfeiture of the Bank of Credit and Commerce International (BCCI).

The amount of seized and forfeited cash not on deposit in the SADF as of September 30, 1992, totaled \$12.5 million, a 41% decrease from FY 1991. The Department's efforts, through periodic reviews of seized and forfeited cash not on deposit with the SADF, have resulted in significant progress toward improving the cash management practices among the participating agencies in the asset forfeiture program.

FY 1992 Seized Cash Held as Evidence:

Internal Revenue Service	\$6,351,967
Federal Bureau of Investigation	4,073,026
Drug Enforcement Administration	<u>2,056,187</u>
TOTAL	\$12,481,180

Appendix C

Real Properties on Hand as of September 30, 1992
Valued at or Above \$1,000,000.00
U.S. Marshals Service

<u>District</u>	<u>Case Number</u>	<u>Description</u>	<u>Appraised Value</u>	<u>Liens</u>	<u>Status</u>
District of Middle Alabama	91V-689E	Unites States Currency	\$2,357,655	N/A	Pending Forfeiture
District of Arizona	CIV-92-1511-PHX	Apartment Complex	\$1,980,000	N/A	Pending Forfeiture
	CIV-90-0199	United States Currency	\$1,216,043	N/A	Pending Forfeiture
	MN-90-0079	United States Currency	\$1,348,174	N/A	Pending Forfeiture
District of Central California	87-879 S/FL(CR)	Bicycle Club 7301 Eastern Avenue Bell Gardens, CA	\$17,000,000	No Liens	Pending Forfeiture
	3410-92-261	United States Currency	\$2,364,100	N/A	Pending Forfeiture
	90-5941	United States Currency	\$1,751,349	N/A	Pending Forfeiture
	91-5879	United States Currency	\$1,020,379	N/A	Pending Forfeiture
	R1-91-224	United States Currency	\$1,829,589	N/A	Pending Forfeiture

<u>District</u>	<u>Case Number</u>	<u>Description</u>	<u>Appraised Value</u>	<u>Liens</u>	<u>Status</u>
	85-0304-CR	Commercial 3720 Long Beach Blvd. Los Angeles, CA	\$1,000,000	No Liens	Forfeited
	85-2735 S/CA	Multi-Unit Residence 12114-16 Deana Street Los Angeles, CA	\$1,100,000	N/A	Forfeited
	89-1124	Detached Residential 420 Lexington Drive Los Angeles, CA	\$2,675,000	N/A	Pending Forfeiture
	89-1357	Commercial 411 West 7th Street Los Angeles, CA	\$16,000,000	\$9,000,000	Pending Forfeiture
	89-1694	Detached Residential 36780 Esplanade Avenue San Jacinto, CA	\$4,690,000	\$30,000	Pending Forfeiture
	90-0381	Farm/Ranch 82290 Avenue 61 Thermal, CA	\$1,550,000	\$250,000	Forfeited
	90-3287	Detached Residential 1155 Kennymead Street Orange, CA	\$1,100,000	N/A	Pending Forfeiture
	90-6696	Detached Residential	\$1,450,000	N/A	Pending Forfeiture

<u>District</u>	<u>Case Number</u>	<u>Description</u>	<u>Appraised Value</u>	<u>Liens</u>	<u>Status</u>
	91-5149	Vacant Lot 2353 Gloaming Way Beverly Hills, CA	\$1,600,000	N/A	Pending Forfeiture
	91-5150	Detached Residential 344 Conway Avenue Los Angeles, CA	\$3,250,000	N/A	Pending Forfeiture
	91-7045	Detached Residential 1515 Hidden Valley Road Thousands Oaks, CA	\$3,600,000	N/A	Pending Forfeiture
	91-739 S/OH	Detached Residential 28804 Bison Court Malibu, CA	\$1,400,000	\$999,500	Pending Forfeiture
	92-0375	Commercial 21202 Pacific Coast Highway Malibu, CA	\$1,350,000	\$17,500	Forfeited
	92-0375	Vacant Lot 3919 Las Flores Canyon Road Malibu, CA	\$3,000,000	N/A	Forfeited
	92-0472 AZ	Commercial 11724 Ventura Boulevard Studio City, CA	\$16,000,000	N/A	Pending Forfeiture

<u>District</u>	<u>Case Number</u>	<u>Description</u>	<u>Appraised Value</u>	<u>Liens</u>	<u>Status</u>
	89-397-6	Detached Residential 1695 Squaw Summit Road Squaw Valley, CA	\$1,400,000	N/A	Forfeited
	S-91-1332	Farm/Ranch 6750 Dyer Lane Roseville, CA	\$3,132,800	\$376,000	Pending Forfeiture
District of Northern California	3790-92-067	United States Currency	\$1,868,830	N/A	Pending Forfeiture
District of Southern California	89-1069	Vacant Land 9.25 Acres, Harvest Road San Diego, CA	\$2,325,000	No Liens	Pending Forfeiture
	92-0203	Detached Residential 1761 Colgate Circle San Diego, CA	\$1,300,000	N/A	Pending Forfeiture
District of Colorado	91-Z-720	Multi-Unit Residence Royal Elk Ranch Gunnison, CO	\$1,100,000	\$100,000	Forfeited
District of Connecticut	N-89CV0588	Commercial 470-478 East Main Street New Haven, CT	\$2,471,000	\$3,384,020	Pending Forfeiture
District of Delaware	CA-92-418-D	Mortgage Bardsdale Road Blue Hen Ridge, DE	\$5,867,694	N/A	Pending Forfeiture

<u>District</u>	<u>Case Number</u>	<u>Description</u>	<u>Appraised Value</u>	<u>Liens</u>	<u>Status</u>
	91-1513-T	Commercial U.S. Highway 19 State Road 580 Pinellas, FL	\$1,500,000	N/A	Pending Forfeiture
	92-177-ORL	United States Currency	\$2,494,768	N/A	Pending Forfeiture
	89-14190-SO/FL	Vacant Land Kissimmee, FL	\$1,075,000	No Liens	Forfeited
	90-294-FTM	Farm/Ranch Rancho Santa Barbara Clewiston, FL	\$1,376,000	N/A	Pending Forfeiture
	92-216-F	Vacant Land 12921 Treeline Avenue Fort Meyers, FL	\$1,500,000	N/A	Pending Forfeiture
	92-40146	One Promissory Note	\$1,000,000	N/A	Forfeited
	91-10114	Eight Promissory Notes	\$1,795,488	N/A	Forfeited
District of Northern Florida	92-10037	Farm/Ranch P.O. Box 249 Morrison, FL	\$1,100,000	N/A	Pending Forfeiture

<u>District</u>	<u>Case Number</u>	<u>Description</u>	<u>Appraised Value</u>	<u>Liens</u>	<u>Status</u>
	87-6812	Commercial 1881 State Road 84 Fort Lauderdale, FL	\$1,540,000	No liens	Forfeited
	88-12081	Farm/Ranch Route 27 North Peeples Ranch Lake Placid, FL	\$1,350,000	No Liens	Forfeited
	88-12082	Farm/Ranch SJ & W Ranch Moorehaven, FL	\$4,000,000	No Liens	Pending Forfeiture
	89-0341C	Detached Residence 7020 Mira Flores Avenue Coral Cables, FL	\$1,975,000	N/A	Pending Forfeiture
	89-0341C	Vacant Land Leomar Homes Miami, FL	\$11,830,000	N/A	Pending Forfeiture
	89-1210	Commercial 3500 NW 79th Avenue Miami, FL	\$1,000,000	\$650,000	Pending Forfeiture
	90-0534C	Detached Residence 212 Alexander Palm Road Boca Raton, FL	\$2,000,000	N/A	Pending Forfeiture

<u>District</u>	<u>Case Number</u>	<u>Description</u>	<u>Appraised Value</u>	<u>Liens</u>	<u>Status</u>
	91-1068	2.5 Acres of Vacant Land Hialeah Gardens, FL	\$2,655,000	No Liens	Forfeited
	91-2944	Detached Residence 400 South Street Key West, FL	\$1,200,000	N/A	Pending Forfeiture
	91-6060-3C	Townhouse/Condo 8500 NW 8th Street Miami, FL	\$3,250,000	N/A	Pending Forfeiture
	91-6060-5C	Townhouse/Condo 8401-8425 NW 8th Street Miami, FL	\$3,200,000	N/A	Pending Forfeiture
	92-0040	Commercial 7290 NW 77th Court Miami, FL	\$1,940,000	\$140,000	Pending Forfeiture
	89-0341C	Vessel "My # Sons" Miami, FL	\$1,283,727	N/A	Pending Forfeiture
District of Southern Georgia	CV492-194	1939 Cases of Winston Cigarettes	\$1,159,522	N/A	Pending Forfeiture
District of Hawaii	92-00053FIR	Commercial 75-5626 Kuakini Highway	\$1,600,000	N/A	Pending Forfeiture

<u>District</u>	<u>Case Number</u>	<u>Description</u>	<u>Appraised Value</u>	<u>Liens</u>	<u>Status</u>
District of Massachusetts	CA-91-11860	Stock Balance Resources Ltd.	\$1,146,000	N/A	Pending Forfeiture
	CA-92-11715	Shrimp (910 cases)	\$2,700,000	N/A	Pending Forfeiture
	87-0459-WF	Commercial 384-390 West Broadway Boston, MA	\$1,000,000	N/A	Pending Forfeiture
	CA-88-398	Commercial Greene and Wood Pier New Bedford	\$1,100,00	\$510,000	Pending Forfeiture
District of Eastern Michigan	92-CV-40157	Detached Residence 6280 Brandywine Holly, MI	\$1,900,000	N/A	Pending Forfeiture
	92-CV-71868	Commercial 17201 25 Mile Mount Clemens, MI	\$9,000,000	N/A	Pending Forfeiture
District of Minnesota	4-90-107	Detached Residence 1535 Bohn's Point Road Orono, MN	\$2,250,000	N/A	Forfeited
District of Nevada	87-278(S)(CR)	Pearl Bookstore 2232 E Charleston Las Vegas, NV	\$3,000,000	\$6,611	Forfeited

<u>District</u>	<u>Case Number</u>	<u>Description</u>	<u>Appraised Value</u>	<u>Liens</u>	<u>Status</u>
	CV91-0576	United States Currency	\$2,370,659	N/A	Pending Forfeiture
	CV91-0577	United States Currency	\$4,710,472	N/A	Pending Forfeiture
	CV91-0776	United States Currency	\$3,094,838	N/A	Pending Forfeiture
	89CV3468	Commercial 94-98 Mott Street New York, NY	\$1,500,000	N/A	Pending Forfeiture
	CV91-4494	Commercial 1256 Grand Street Brooklyn, NY	\$2,000,000	N/A	Pending Forfeiture
District of Northern New York	91-CV-1174	Detached Residence 97 Millbrook Margaretville, NY	\$1,250,000	N/A	Forfeited
District of Southern New York	BCCI	United States Deposit	\$1,789,749	N/A	Pending Forfeiture
	BCCI	United States Deposit	\$3,268,126	N/A	Pending Forfeiture
	BCCI	United States Deposit	\$1,847,469	N/A	Pending Forfeiture
	BCCI	United States Deposit	\$8,078,043	N/A	Pending Forfeiture
	BCCI	United States Deposit	\$15,189,894	N/A	Pending Forfeiture

<u>District</u>	<u>Case Number</u>	<u>Description</u>	<u>Appraised Value</u>	<u>Liens</u>	<u>Status</u>
	BCCI	United States Deposit	\$30,943,187	N/A	Pending Forfeiture
	BCCI	United States Deposit	\$61,737,266	N/A	Pending Forfeiture
	BCCI	United States Deposit	\$8,818,704	N/A	Pending Forfeiture
	BCCI	United States Deposit	\$25,537,303	N/A	Pending Forfeiture
	BCCI	United States Deposit	\$12,201,073	N/A	Pending Forfeiture
	BCCI	United States Deposit	\$4,309,623	N/A	Pending Forfeiture
	BCCI	United States Deposit	\$4,314,683	N/A	Pending Forfeiture
	BCCI	United States Deposit	\$1,339,203	N/A	Pending Forfeiture
	BCCI	United States Deposit	\$1,283,093	N/A	Pending Forfeiture
	BCCI	United States Deposit	\$3,155,691	N/A	Pending Forfeiture
	BCCI	United States Deposit	\$3,727,521	N/A	Pending Forfeiture
	BCCI	United States Deposit	\$15,338,629	N/A	Pending Forfeiture
	BCCI	United States Deposit	\$66,867,673	N/A	Pending Forfeiture
	BCCI	United States Deposit	\$3,135,095	N/A	Pending Forfeiture
	92-2128	United States Currency	\$1,621,263	N/A	Pending Forfeiture

<u>District</u>	<u>Case Number</u>	<u>Description</u>	<u>Appraised Value</u>	<u>Liens</u>	<u>Status</u>
District of Southern Ohio	C-1-92-469	Commercial 2406 Auburn Avenue Cincinnati, OH	\$1,000,000	N/A	Pending Forfeiture
	316088F064	580 Gambling Devices	\$1,160,000	N/A	Forfeited
District of Eastern Pennsylvania	CK-84-Z004	United States Currency	\$1,545,344	N/A	Pending Forfeiture
	CR-92-373	United States Currency	\$1,607,580	N/A	Pending Forfeiture
District of Middle Pennsylvania	CR-91-023	Commercial 845 Sir Thomas Court Harrisburg, PA	\$1,640,000	N/A	Pending Forfeiture
District of Puerto Rico	S-87-CR-593(NY)	Tower Lakes Shopping Plaza	\$5,400,000	\$4,000,000	Pending Forfeiture
District of Rhode Island	CA-89-0603	Farm/Ranch Great Harbor Neck New Shoreman, RI	\$1,854,000	N/A	Forfeited
District of Eastern Tennessee	2-91-416	Disinfectant Agents	\$1,189,100	N/A	Pending Forfeiture
District of Western Tennessee	92-2087	Aircraft 82 Cessna Conquest II	\$1,350,000	N/A	Pending Forfeiture
District of Eastern Texas	3-92-CV-0373-D	Farm/Ranch Palestine, TX	\$1,500,000	N/A	Pending Forfeiture

<u>District</u>	<u>Case Number</u>	<u>Description</u>	<u>Appraised Value</u>	<u>Liens</u>	<u>Status</u>
District of Eastern Washington	CS-92-0346	Detached Residence Route 2, box 29 Odessa, WA	\$2,500,000	N/A	Pending Forfeiture
District of Western Washington	C91-1791	Milwaukee Hotel Building	\$1,300,000	N/A	Pending Forfeiture
District of Eastern Wisconsin	90-C-1827	Douglas Aircraft DC-3 Turbo Prop	\$1,750,000	N/A	Pending Forfeiture
	90-C-1827	Douglas Aircraft DC-3 Turbo Prop	\$3,600,000	N/A	Pending Forfeiture
	90-C-1827	Douglas Aircraft DC-3 Turbo Prop	\$2,250,000	N/A	Pending Forfeiture
	90-C-1827	Douglas Aircraft DC-3 Turbo Prop	\$1,800,000	N/A	Pending Forfeiture

Appendix D



BROWN & COMPANY

2300 CLARENDON BLVD • SUITE 1100 • ARLINGTON, VA 22201 • (703) 522-0800 • FAX: (703) 522-0806

INDEPENDENT AUDITOR'S REPORT

U.S. Department of Justice
Washington, D.C.

We have audited the accompanying statements of financial position of the Department of Justice Asset Forfeiture Program as of September 30, 1991 and 1990, and the related statements of operations and cash flows, and the combining statements for the years then ended. These financial statements are the responsibility of the Department of Justice. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget Bulletin 91-14, "Audit Requirements for Federal Financial Statements". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the principal financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the Department of Justice Asset Forfeiture Program as of September 30, 1991 and 1990, and the results of its operations, and cash flows for the years then ended, in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the principal financial statements described above. We have inspected the financial information presented in management's overview of the Asset Forfeiture Program and in the supplemental financial and management information. The information presented in the overview and supplemental financial and management information sections is presented for the purposes of additional analysis. Such information has not been audited by us and, accordingly, we do not express our opinion on this information.

Brown & Company

July 31, 1992
Arlington, VA

**Department of Justice
Asset Forfeiture Program
Statement of Financial Position
As of September 30, 1991 and 1990**
(in thousands of dollars)

	1991	1990
Assets		
Current Assets:		
Fund Balance with U.S. Treasury (Note 2)	\$27,914	\$61,759
Accounts Receivable	0	3
Investments – Federal Securities	263,071	115,275
Total Current Assets	\$290,985	\$177,037
Seized Assets:		
Fund Balance with U.S. Treasury (Note 2)	303,323	348,754
Total Assets	\$594,308	\$525,791
Liabilities and Net Position		
Liabilities:		
Accounts Payable – Public (Note 4)	\$163,564	\$104,788
Deposit Fund (Note 5)	303,323	348,754
Total Liabilities	\$466,887	\$453,542
Net Position:		
Unobligated Balances	\$124,976	\$61,617
Undelivered Orders	2,445	10,632
Net Position	\$127,421	\$72,249
Total Liabilities & Net Position	\$594,308	\$525,791

The accompanying footnotes are an integral part of the financial statements.

**Department of Justice
Asset Forfeiture Program
Statement of Operations
For the Fiscal Years Ending September 30, 1991 and 1990**
(in thousands of dollars)

	1991	1990
Revenue		
Federal Sources:		
Investment Income (Note 1e)	\$13,527	\$8,488
Public Sources:		
Forfeited Cash, Net	336,640	363,157
Sales of Forfeited Property, Net	102,818	88,652
Penalties in Lieu of Forfeiture, Net	186,510	0
Recovery of Returned Asset Management Costs	4,090	0
Total Revenue	\$643,585	\$460,297
Expenses		
Forfeiture Program Expenses:		
Asset Management Expenses	\$42,320	\$36,187
Third – Party Payments	15,256	12,698
Forfeiture Case Prosecution	10,391	7,068
ADP Equipment	12,601	12,401
Special Contract Services	31,173	17,688
Forfeiture Training and Printing	5,062	4,128
Other Program Management	1,529	1,532
Total Forfeiture Program Expenses	\$118,332	\$91,702
Excess of Revenues over Program Expenses	\$525,253	\$368,595
Distribution of Excess Revenues:		
Equitable Sharing Payments	\$266,813	\$176,780
Awards for Information	23,180	25,432
Purchase of Evidence	8,059	10,839
Contracts to Identify Assets	150	500
Equipping of Conveyances	14,985	24,568
Storage, Protection & Destruction of Drugs	1,448	885
Transfers (Note 7)	159,024	134,889
Total Distributions	\$473,659	\$373,893
Net Results before Adjustments	\$51,594	(\$5,298)
Adjustments to Accounts Payable (Note 8)	3,578	8,727
Net Results	\$55,172	\$3,429

The accompanying footnotes are an integral part of the financial statements.

**Department of Justice
Asset Forfeiture Program
Statement of Cash Flows
For the Fiscal Years Ending September 30, 1991 and 1990**
(in thousands of dollars)

	1991	1990
Cash Flows From Operating Activities:		
Cash from Forfeited Assets, Penalties and Recoveries, Net	\$630,061	\$451,808
Interest Received	13,527	8,488
Cash Paid to Vendors and Other Agencies	(370,613)	(283,732)
Cash Transferred to Other Agencies	(159,024)	(137,121)
Cash Transferred from U.S. Treasury	0	2,232
Net Cash Provided by Operating Activities	\$113,951	\$41,675
Cash Flows From Investing Activities:		
Purchase of Investment Securities, Net	(147,796)	(48,027)
Net Increase (Decrease) in Cash	(\$33,845)	(\$6,352)
Fund Balance with U.S. Treasury, Beginning of Period	61,759	68,111
Fund Balance with U.S. Treasury, End of Period	\$27,914	\$61,759

**Reconciliation of Net Results to Net Cash
Provided by Operating Activities**

Net Results	\$55,172	\$3,429
Increase in Accounts Payable	58,776	38,239
Decrease in Accounts Receivable and Advances	3	7
Net Cash Provided by Operating Activities	\$113,951	\$41,675

The accompanying footnotes are an integral part of the financial statements

**Department of Justice
Asset Forfeiture Program
Statement of Reconciliation to Budget Reports
For the Periods ending September 30, 1991 and 1990**
(in thousands of dollars)

	1991	1990
Total Operating Expenses	\$591,991	\$328,092
Adjustments:		
Deduct:		
Increase (Decrease) in Accounts Payable net of Accounts Receivable	(58,779)	(420,853)
Subtotal	\$650,770	\$748,945
Less: Interperiod Adjustments (Note 14)	(742)	734
Net Disbursements	\$651,512	\$748,211

The accompanying footnotes are an integral part of the financial statements.

**Department of Justice
Asset Forfeiture Program
Combining Statement of Financial Position
As of September 30, 1991 and 1990**
(in thousands of dollars)

	1991			1990		
	AFF	SADF	Total	AFF	SADF	Total
Assets						
Current Assets:						
Fund Balance with U.S. Treasury (Note 2)	\$27,914	\$0	\$27,914	\$61,759	\$0	\$61,759
Accounts Receivable	0	0	0	3	0	3
Investments – Federal Securities	263,071	0	263,071	115,275	0	115,275
Total Current Assets	\$290,985	\$0	\$290,985	\$177,037	\$0	\$177,037
Seized Assets:						
Fund Balance with U.S. Treasury (Note 2)		303,323	303,323		348,754	348,754
Total Assets	\$290,985	\$303,323	\$594,308	\$177,037	\$348,754	\$525,791
Liabilities and Net Position						
Liabilities						
Accounts Payable – Public (Note 4)	\$163,564	\$0	\$163,564	\$104,788	\$0	\$104,788
Deposit Fund (Note 5)	0	303,323	303,323	0	348,754	348,754
Total Liabilities	\$163,564	\$303,323	\$466,887	\$104,788	\$348,754	\$453,542
Net Position						
Unobligated Balances	\$124,976	\$0	\$124,976	\$61,617	\$0	\$61,617
Undelivered Orders	2,445	0	2,445	10,632	0	10,632
Net Position	\$127,421	\$0	\$127,421	\$72,249	\$0	\$72,249
Total Liabilities & Net Position	\$290,985	\$303,323	\$594,308	\$177,037	\$348,754	\$525,791

The accompanying footnotes are an integral part of the financial statements.

**Department of Justice
Asset Forfeiture Program
Notes to Principal Financial Statements**

Note (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Asset Forfeiture Program is a program of the U.S. Department of Justice (DOJ) that allows the proceeds from forfeitures to be reinvested in law enforcement. The program is funded by proceeds from forfeited cash, sales of forfeited property, payments of penalties, interest earned on investments, and recoveries of management expenses.

The accompanying financial statements include the accounts of the Assets Forfeiture Fund (AFF) and the Seized Asset Deposit Fund (SADF). Seized cash deposited into the SADF remains there until a determination has been made as to the disposition. If title passes to the U.S. Government, the cash is transferred to the AFF. Non-cash property is held by the USMS from the point of seizure until disposition. If title passes to the U.S. government, the proceeds from the sale of forfeited property is deposited in the AFF.

b. Accounting Standards

Statements are prepared in accordance with the Policy and Procedures Manual for the Guidance of Federal Agencies; Title 2, Accounting, published by the Comptroller General of the United States, and applicable Executive Branch guidance.

c. Basis of Accounting

Revenue is recognized when cash has been forfeited or forfeited property has been sold under (a) any criminal proceeding; (b) any civil judicial forfeiture proceeding; or (c) any civil administrative forfeiture proceeding conducted by the DOJ. No revenue recognition is given to any cash deposited in the SADF which is still subject to forfeiture. Expenditures are recognized on the accrual basis of accounting whereby expenses are accrued when goods have been delivered or when services have been rendered. There are no operating expenses charged to the SADF.

Department of Justice
Asset Forfeiture Program
Notes to Principal Financial Statements - Continued

d. Cash Transactions

Cash receipts and disbursements are processed by the U.S. Treasury. The funds in the AFF are primarily derived from forfeited cash, interest earned on investments, and proceeds from the sale of forfeited property. The funds in the SADF are seized cash held in trust until a determination has been made as to the disposition. This cash includes seized cash, proceeds from pre-forfeiture sales of seized property, and income from property under seizure.

e. Investments-Federal Securities

Investments in U.S. Government securities are reported at cost, net of unamortized premiums or discounts. Interest is earned on Treasury securities held to maturity.

f. Net Position

Net position is the equity of the U.S. Government and is comprised of the cumulative results of operations, which is the difference between financing sources and expenses. For presentation purposes, net position is further subdivided into unobligated balances and undelivered orders.

Note (2) FUND BALANCE WITH U.S. TREASURY

A. AFF: This amount represents the cash balance in the Asset Forfeiture Fund (Fund Symbol 15x5042) held by the U.S. Treasury at September 30, 1991 and 1990.

B. SADF: This amount represents the cash balance in the SADF (Fund Symbol 15x6874) held by the U.S. Treasury at September 30, 1991 and 1990.

Asset Forfeiture Program funds held outside of the U.S. Treasury as of September 30, 1991, were reported by the investigative agencies maintaining custody at \$21 million and represent cash held as evidence.

Department of Justice
 Asset Forfeiture Program
 Notes to Principal Financial Statements - Continued

Note (3) PROPERTY AND EQUIPMENT

Seized and Forfeited Property and Equipment (Net of Cash) is held for disposition by the USMS. It is not Inventory held for resale in the normal course of business and has not been presented in the Statement of Financial Position. This property is capitalized at the appraised, fair-market value. The net value of this property has been reduced by liens and any third-party claims. The U.S. Government has title to the property listed under the AFF in the following table. Property listed under the SADF has been seized and is awaiting disposition. The financial information supporting the figures presented in the following table was provided by the Seized Assets Management System (SAMS) which is separate and distinct from the general ledger.

<u>Fund</u>	<u>Appraised Value</u> (\$000)	<u>Less Liens</u> (\$000)	<u>Net Value</u> (\$000)
FY 1991			
AFF	\$ 323,497	\$25,907	\$ 297,590
SADF	<u>720,650</u>	<u>-0-</u>	<u>720,655</u>
TOTALS	<u>\$1,044,152</u>	<u>\$25,907</u>	<u>\$1,018,245</u>
FY 1990			
AFF	\$ 292,129	\$23,395	\$ 268,734
SADF	<u>650,777</u>	<u>-0-</u>	<u>650,777</u>
TOTALS	<u>\$ 942,906</u>	<u>\$23,395</u>	<u>\$ 919,511</u>

Note (4) ACCOUNTS PAYABLE, PUBLIC

This balance includes payments due to vendors contracted to perform services relative to maintaining seized assets, equitable sharing payments due to local law enforcement agencies, and amounts due to contractors.

Department of Justice
Asset Forfeiture Program
Notes to Principal Financial Statements - Continued

Note (5) DEPOSIT FUND

The SADF is a holding account established for the temporary storage of nonevidentiary cash subject to forfeiture and includes seized cash, proceeds from pre-forfeiture sales of seized property, and income from property under seizure. The funds are held in this account until the U.S. Marshals Service receives a declaration of forfeiture order or orders from the courts directing the Marshals Service as to the disposition. The Deposit Fund liability account offsets the value of seized cash included in the SADF balance with the U.S. Treasury.

Note (6) INTEREST PAID ON LATE PAYMENTS

Title 31 U.S.C. § 3901-3907 (The Prompt Payment Act), requires Federal agencies to pay interest on payments for goods and services made to business concerns after the due date. Payments made pursuant to this law amounted to \$30 thousand in FY 1991 and \$12 thousand in FY 1990.

Note (7) TRANSFERS

During FY 1991 and FY 1990, funds were transferred from (to) the AFF as follows:

	<u>FY 1991</u> <u>Amount</u> <u>(\$000)</u>	<u>FY 1990</u> <u>Amount</u> <u>(\$000)</u>
To the Special Forfeiture Fund of the Executive Office of the President	\$159,024	\$ 85,000
To the Bureau of Prisons	-0-	52,121
From the Department of Treasury	<u>-0-</u>	<u>(2,232)</u>
Total Transfers	<u>\$159,024</u>	<u>\$134,889</u>
Transfers from FY 1989 Surplus	\$ -0-	\$ 52,121
Transfers from FY 1990 Surplus	46,524	85,000
Transfers from FY 1991 Surplus	112,500	-0-
Reversal of FY 1989 Rescission	<u>-0-</u>	<u>(2,232)</u>
Total Transfers	<u>\$159,024</u>	<u>\$134,889</u>

Department of Justice
Asset Forfeiture Program
Notes to Principal Financial Statements - Continued

Note (8) ADJUSTMENT TO ACCOUNTS PAYABLE

Some expenses are accrued based upon estimates of amounts due to contractors. These estimates are provided to the Marshals Service by the various component organizations of the Department of Justice and other participating government agencies pursuant to reimbursement agreements. Accounts payable and the related expenses were decreased during FY 1991 and FY 1990 to show actual expenses incurred and reimbursed by the Assets Forfeiture Fund. Adjustments to accounts payable totaled \$3.6 million in FY 1991 and \$8.7 million in FY 1990.

Note (9) CONTINGENT LIABILITIES

The AFF and SADF have no known significant contingent liabilities or restrictions on the use of its assets other than noted above.

Appendix E



BROWN & COMPANY

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INDEPENDENT AUDITOR'S REPORT

U.S. Department of Justice
Washington, D.C.

We have audited the principal statements of the Department of Justice Asset Forfeiture Program as of and for the years ended September 30, 1992 and 1991. The principal statements of the Department of Justice Asset Forfeiture Program include:

- Statement of Financial Position
- Statement of Operations and Changes in Net Position
- Statement of Cash Flows
- Statement of Budget and Actual Expenses
- Combining Statement of Financial Position

These financial statements are the responsibility of the U.S. Department of Justice. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget Bulletin No. 93-06, "Audit Requirements for Federal Financial Statements." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the principal financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the Department of Justice Asset Forfeiture Program as of September 30, 1992 and 1991, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the principal financial statements described above. We have inspected the financial information presented in management's overview of the Asset Forfeiture Program and in the supplemental financial and management information. The information presented in the overview and supplemental financial and management information sections is presented for the purposes of additional analysis. Such information has not been audited by us and, accordingly, we do not express our opinion on this information.

Brown & Company

January 15, 1993
Arlington, VA

BROWN & COMPANY

**Department of Justice
Asset Forfeiture Program
Statement of Financial Position
As of September 30, 1992 and 1991**
(in thousands of dollars)

	1992	1991
Assets		
Financial Resources:		
<i>Financial Resources Currently Available:</i>		
Forfeited Assets:		
Fund Balance with U.S. Treasury (Note 2)	\$35,258	\$27,914
Investments – Federal Securities, Net	247,783	263,071
Total Financial Resources Currently Available	\$283,041	\$290,985
<i>Financial Resources Not Currently Available:</i>		
Seized Assets:		
Fund Balance with U.S. Treasury (Note 2)	\$16,764	\$303,323
Investments – Federal Securities, Net	623,346	0
Total Financial Resources Not Currently Available	\$640,110	\$303,323
Total Financial Resources	\$923,151	\$594,308
Non – Financial Resources:		
Seized and Forfeited Property (Note 3)		
Total Assets	\$923,151	\$594,308
Liabilities and Net Position		
Funded Liabilities:		
Accounts Payable, Non–Federal (Note 4)	\$134,069	\$163,564
Deposit Fund (Note 5)	640,110	303,323
Intragovernmental Items, Federal:		
Accounts Payable, Federal (Note 4)	42	0
Total Liabilities	\$774,221	\$466,887
Net Position:		
Unobligated Balances	\$141,648	\$124,976
Unobligated Balances, BCCI Interest Subject to Court Order	5,999	0
Undelivered Orders	1,283	2,445
Net Position	\$148,930	\$127,421
Total Liabilities & Net Position	\$923,151	\$594,308

The accompanying footnotes are an integral part of the financial statements.

Department of Justice
Asset Forfeiture Program
Statement of Operations and Changes in Net Position
For the Fiscal Years Ended September 30, 1992 and 1991
(in thousands of dollars)

	1992	1991
Revenue		
Federal Sources:		
Investment Income (Note 6)	\$21,308	\$13,527
Public Sources:		
Forfeited Cash, Net	346,772	336,640
Sales of Forfeited Property, Net	113,555	102,818
Penalties in Lieu of Forfeiture, Net	46,124	186,510
Recovery of Returned Asset Management Costs	3,209	4,090
Total Revenue	\$530,968	\$643,585
Expenses (Note 8)		
Forfeiture Program Expenses:		
Asset Management Expenses	\$36,406	\$42,320
Third Party Payments	26,853	15,256
Forfeiture Case Prosecution	11,612	10,391
ADP Equipment	12,117	12,601
Special Contract Services	37,039	31,173
Forfeiture Training and Printing	5,270	5,062
Other Program Management	1,425	1,529
Total Forfeiture Program Expenses	\$130,722	\$118,332
Excess of Revenues over Program Expenses	\$400,246	\$525,253
Distribution of Excess Revenues:		
Equitable Sharing Payments	\$228,375	\$266,813
Awards for Information	20,277	23,180
Purchase of Evidence	14,549	8,059
Contracts to Identify Assets	534	150
Equipping of Conveyances	6,945	14,985
Miscellaneous	694	1,448
Transfers (Note 9)	107,363	159,024
Total Distributions	\$378,737	\$473,659
Net Results before Adjustments	\$21,509	\$51,594
Adjustments to Accounts Payable (Note 4)	0	3,578
Net Results	\$21,509	\$55,172
Net Position, Beginning Balance	\$127,421	\$72,249
Net Position, Ending Balance	\$148,930	\$127,421

The accompanying footnotes are an integral part of the financial statements

**Department of Justice
Asset Forfeiture Program
Statement of Cash Flows
For the Fiscal Years Ended September 30, 1992 and 1991**
(in thousands of dollars)

	1992	1991
Cash Provided (Used) by Operating Activities:		
Cash from Forfeited Assets, Penalties and Recoveries, Net	\$509,660	\$630,061
Interest Received (Note 6)	21,308	13,527
Cash Paid to Vendors and Other Agencies	(431,549)	(370,613)
Cash Transferred to Other Agencies (Note 9)	(107,363)	(159,024)
Net Cash Provided (Used) by Operating Activities	(\$7,944)	\$113,951
Cash Provided (Used) by Investing Activities:		
Purchase of Investment Securities, Net	15,288	(147,796)
Net Increase (Decrease) in Cash	\$7,344	(\$33,845)
Fund Balance with U.S. Treasury, Beginning of Period	\$27,914	\$61,759
Fund Balance with U.S. Treasury, End of Period	\$35,258	\$27,914

**Reconciliation of Net Results to
Net Cash Provided (Used) by Operating Activities**

Net Results	\$21,509	\$55,172
Increase (Decrease) in Accounts Payable	(29,453)	58,776
Decrease (Increase) in Accounts Receivable and Advances	0	3
Net Cash Provided by Operating Activities	(\$7,944)	\$113,951

The accompanying footnotes are an integral part of the financial statements

**Department of Justice
Asset Forfeiture Program
Statement of Budget and Actual Expenses
For the Fiscal Years Ended September 30, 1992 and 1991**
(in thousands of dollars)

	1992	Unaudited 1991
Total Resources (SF 133, Line 7)	\$421,791	\$446,499
Budgetary Obligations, Direct (SF 133, Line 8)	\$400,934	\$421,111
Budgetary Obligations, Reimbursed	\$0	\$0
Actual Expenses (Statement of Operations)	\$402,096	\$429,389
Budget Reconciliation:		
Total Expenses	\$402,096	\$429,389
Add:		
Capital Acquisitions	0	0
Loans Disbursed	0	0
Other Expended Budget Authority	0	0
Less:		
Depreciation and Amortization	0	0
Unfunded Annual Leave Expense	0	0
Other Unfunded Expenses (Note 10)	11,168	8,728
Accrued Expenditures	\$390,928	\$420,661
Less Reimbursements	0	0
Accrued Expenditures, Direct (SF 133, Line 16)	\$390,928	\$420,661

The accompanying footnotes are an integral part of the financial statements

**Department of Justice
Asset Forfeiture Program
Combining Statement of Financial Position
As of September 30, 1992 and 1991**
(in thousands of dollars)

Assets	1992			1991		
	Forfeited	Seized	Total	Forfeited	Seized	Total
Financial Resources:						
<i>Financial Resources Currently Available:</i>						
Forfeited Assets:						
Fund Balance with U.S. Treasury (Note 2)	\$35,258	\$0	\$35,258	\$27,914	\$0	\$27,914
Investments – Federal Securities, Net	247,783	0	247,783	263,071	0	263,071
Total Financial Resources Currently Available	\$283,041	\$0	\$283,041	\$290,985	\$0	\$290,985
<i>Financial Resources Not Currently Available:</i>						
Seized Assets:						
Fund Balance with U.S. Treasury (Note 2)	\$0	\$16,764	\$16,764	\$0	\$303,323	\$303,323
Investments – Federal Securities, Net	0	623,346	623,346	0	0	0
Total Financial Resources Not Currently Available	\$0	\$640,110	\$640,110	\$0	\$303,323	\$303,323
Total Financial Resources	\$283,041	\$640,110	\$923,151	\$290,985	\$303,323	\$594,308
Non–Financial Resources:						
Seized and Forfeited Property (Note 3)						
Total Assets	\$283,041	\$640,110	\$923,151	\$290,985	\$303,323	\$594,308
Liabilities and Net Position						
Funded Liabilities:						
Accounts Payable, Non–Federal (Note 4)	\$134,069	\$0	\$134,069	\$163,564	\$0	\$163,564
Deposit Fund (Note 5)	0	640,110	640,110	0	303,323	303,323
Intragovernmental Items, Federal:						
Accounts Payable, Federal (Note 4)	42	0	42	0	0	0
Total Liabilities	\$134,111	\$640,110	\$774,221	\$163,564	\$303,323	\$466,887
Net Position						
Unobligated Balances	\$141,648	\$0	\$141,648	\$124,976	\$0	\$124,976
Unobligated Balances, BCCI Interest Subject to Court Order	5,999	0	5,999	0	0	0
Undelivered Orders	1,283	0	1,283	2,445	0	2,445
Net Position	\$148,930	\$0	\$148,930	\$127,421	\$0	\$127,421
Total Liabilities & Net Position	\$283,041	\$640,110	\$923,151	\$290,985	\$303,323	\$594,308

The accompanying footnotes are an integral part of the financial statements.

**Department of Justice
Asset Forfeiture Program
Notes to Principal Financial Statements
For the Fiscal Years Ended September 30, 1992, and 1991**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

These financial statements have been prepared to report the financial position and results of operations of the Asset Forfeiture Program, including the Assets Forfeiture Fund (AFF) and the Seized Asset Deposit Fund (SADF), as required by the Chief Financial Officers Act of 1990. They have been prepared from the books and records of the Asset Forfeiture Program in accordance with the Office of Management and Budget (OMB) Bulletin 93-02, Form and Content of Agency Financial Statements, and the Asset Forfeiture Program accounting policies which are summarized in this note. These statements are therefore different from the financial reports, also prepared by the Asset Forfeiture Program pursuant to OMB directives, that are used to monitor and control the Program's use of budgetary resources.

B. Reporting Entity

The Asset Forfeiture Program is administered by the Department of Justice (DOJ) and allows the proceeds from forfeitures to be reinvested in law enforcement. The program is funded by proceeds from forfeited cash, sales of forfeited property, payments of penalties, interest earned on investments, and recoveries of management expenses.

The Asset Forfeiture Program is a nationwide law enforcement program that involves Federal employees and contract personnel. Thousands of investigators, litigators, property managers, and support staff are involved in the seizure and forfeiture process as part of their work. In addition, thousands of state and local law enforcement officials work cooperatively with their Federal counterparts in the investigation and prosecution of criminal cases.

The Executive Office for Asset Forfeiture (EOAF) was established, within the Office of the Deputy Attorney General, to provide central management, direction, and control for the Asset Forfeiture Program. The EOAF has responsibility for policy formulation and implementation, program oversight, management and fiscal control, and strategic planning for all aspects of the domestic and international forfeiture program.

There are six DOJ components that execute the Asset Forfeiture Program: the Drug Enforcement Administration, the Federal Bureau of Investigation, the Immigration and Naturalization Service, the U.S. Marshals Service (USMS), the U.S. Attorneys, and the Asset Forfeiture Office, Criminal Division. The U.S. Postal Service, the Internal Revenue Service, the Bureau of Alcohol, Tobacco and Firearms, the U.S. Secret Service, and the U.S. Park Police are the non-DOJ participants in the program.

Department of Justice
Asset Forfeiture Program
Notes to Principal Financial Statements – Continued

The accompanying financial statements include the accounts of the AFF and the SADF. Seized cash deposited into the SADF remains there until a determination has been made as to its disposition. If title passes to the U.S. Government, the cash is transferred to the AFF. Pursuant to 28 U.S.C. § 524 (C), idle SADF cash is invested in U.S. Treasury securities and the income derived is deposited in the AFF. The earnings on BCCI funds held by the SADF are tracked separately due to special disposition requirements. Non-cash property is held by the USMS from the point of seizure until disposition. If title passes to the U.S. Government, the proceeds from the sale of forfeited property are deposited in the AFF.

The accompanying financial statements of the Asset Forfeiture Program do not include the salaries and administrative expenses (S&E) incurred by the Asset Forfeiture Program participants while conducting investigations, which lead to seizure and forfeiture.

C. Budgets and Budgetary Accounting

All proceeds deposited to the AFF are available to the Attorney General without fiscal year limitation (permanent indefinite budget authority), except for the amounts specified in the Department of Justice annual appropriations acts which are subject to fiscal year limitation (current definite budget authority). All Cash for AFF budget authority is derived from the proceeds of the Asset Forfeiture Program.

D. Basis of Accounting

Transactions are recorded on a accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the obligation of federal funds.

E. Revenues and Other Financing Sources

The Asset Forfeiture Program receives the majority of the funding needed to support the program through forfeited cash and proceeds from the sale of forfeited properties.

Revenue is recognized when cash has been forfeited or forfeited property has been sold under (a) any criminal proceeding; (b) any civil judicial forfeiture proceeding; or (c) any civil administrative forfeiture proceeding conducted by the DOJ. No revenue recognition is given to any cash deposited in the SADF which is still subject to forfeiture or any property seized or forfeited until it is sold.

Expenditures are recognized on the accrual basis of accounting whereby expenses are accrued when goods or services have been delivered or when services have been rendered. There are no operating expenses charged to the SADF.

Department of Justice
Asset Forfeiture Program
Notes to Principal Financial Statements – Continued

F. Cash Transactions

The funds in the AFF are primarily derived from forfeited cash, interest earned on investments, and proceeds from the sale of forfeited property. The funds in the SADP are seized cash held in trust until a determination has been made as to the disposition. This cash includes seized cash, proceeds from pre-forfeiture sales of seized property, and income from property under seizure.

G. Investments—Federal Securities

Investments in U.S. Government securities are reported at cost, net of unamortized premiums or discounts. Interest is earned on U.S. Treasury securities held to maturity. No investments are made in Non-Federal Securities.

H. Liabilities

Liabilities represent the amount of monies or other resources that are due to be paid by the Asset Forfeiture Program as the result of a transaction or event that has already occurred.

I. Net Position

Net position is the equity of the U.S. Government and is comprised of the cumulative results of operations, which is the difference between financing sources and expenses. For presentation purposes, net position is further subdivided into unobligated balances and undelivered orders. The BCCI Investment Income (See Note 6) is subject to court order. It is recorded as revenue and the contingent liability is shown as part of Unobligated Balances within Net Position.

NOTE 2. FUND BALANCE WITH U.S. TREASURY

Financial Resources Currently Available:

This amount represents the cash balance in the AFF (Fund Symbol 15 X 5042) held by the U.S. Treasury at September 30, 1992 and 1991.

Financial Resources Not Currently Available:

This amount represents the cash balance in the SADP (Fund Symbol 15 X 6874) held by the U.S. Treasury at September 30, 1992 and 1991.

The Cash account presented in the Statement of Financial Position is per the Department's financial records. The U.S. Treasury shows an additional \$5 thousand due to timing of payments and deposits. This difference is recorded in the general ledger as Cash in Transit.

Department of Justice
Asset Forfeiture Program
Notes to Principal Financial Statements – Continued

The following table reconciles the Cash in Transit for the AFF. There is no variance for the SADF.

	FY 1992	FY 1991
AFF:	(\$000)	(\$000)
Fund Balance with U.S. Treasury	\$35,263	\$27,914
Cash in Transit	(5)	0
Cash	<u>\$35,258</u>	<u>\$27,914</u>

Asset Forfeiture Program funds held outside of the U.S. Treasury as of September 30, 1992 and 1991, were \$12 million and \$21 million, respectively. These figures were reported by the investigative agencies maintaining custody, represent cash held as evidence and other cash not on deposit with the U.S. Treasury, and are not presented elsewhere within these financial statements. The amount reported by the U.S. Treasury at the close of FY 1992 was down \$9 million from FY 1991 due to changes in U.S. Treasury policy implemented during FY 1992.

NOTE 3. PROPERTY AND EQUIPMENT

Seized and Forfeited Property and Equipment (Net of Cash) is held for disposition by the USMS. It is not Inventory held for resale in the normal course of business and has not been presented in the Statement of Financial Position. This property is reflected at the estimated fair-market value. The net value of this property has been reduced by estimated liens of record. However, the estimate does not reflect all possible liens and claims of innocent third-parties. Such information becomes available as the individual cases proceed from seizure to forfeiture. With regard to the following tables, Forfeited Assets represent property for which the U.S. Government has title. Property listed under Seized Assets has been seized and is awaiting disposition. The Seized Assets figure for FY 1992 includes approximately \$6.3 million in property not forfeited and due back to the public. The financial information supporting the figures presented in the following table was provided by the Seized Assets Management System which is separate and distinct from the general ledger.

Category:	Estimated Value (\$000)	Less Liens (\$000)	Net Value (\$000)
FY 1992			
Forfeited Assets	\$329,314	\$47,116	\$282,198
Seized Assets	842,620	74,620	768,000
Totals	<u>\$1,171,934</u>	<u>\$121,736</u>	<u>\$1,050,198</u>
FY 1991			
Forfeited Assets	\$323,497	\$33,967	\$289,530
Seized Assets	720,655	75,669	644,986
Totals	<u>\$1,044,152</u>	<u>\$109,636</u>	<u>\$934,516</u>

Department of Justice
Asset Forfeiture Program
Notes to Principal Financial Statements – Continued

NOTE 4. ACCOUNTS PAYABLE

This balance includes payments due to vendors contracted to perform services relative to maintaining seized and forfeited assets and equitable sharing payments due to local law enforcement agencies. Some expenses are accrued based upon estimates of amounts due to contractors. These estimates are provided to the USMS by the various organizations of the DOJ and other participating Government agencies pursuant to reimbursement agreements. Accounts payable and the related expenses were decreased by \$3.6 million during FY 1991 to show actual expenses incurred and reimbursed by the AFF.

NOTE 5. DEPOSIT FUND

The SADP is a holding account established for the temporary storage of nonevidentiary cash subject to forfeiture and includes seized cash, proceeds from preforfeiture sales of seized property, and income from property under seizure. The funds are held in the form of U.S. Currency with the U.S. Treasury or as Investments in U.S. Treasury securities until the USMS receives a declaration of forfeiture order or other court orders directing the Marshals Service as to the disposition. The Deposit Fund liability account offsets the value of seized cash included in the SADP balance with the U.S. Treasury and in Investments in U.S. Treasury securities.

NOTE 6. INVESTMENT INCOME

The FY 1992 Investment Income was derived from investments in U.S. Treasury securities of funds from both the AFF and SADP. This is the first year that seized cash was allowed to be invested with the earnings transferred to the AFF. The earnings on BCCI funds held by the SADP are tracked separately due to special disposition requirements (See Note 1I). The following table presents the composition of Investment Income for FY 1992 and FY 1991.

	FY 1992	FY 1991
	<u>(\$000)</u>	<u>(\$000)</u>
Investment Income from AFF	\$7,242	\$13,527
Investment Income from BCCI	5,999	0
Investment Income from SADP	8,067	0
Total Investment Income	<u>\$21,308</u>	<u>\$13,527</u>

NOTE 7. INTEREST PAID ON LATE PAYMENTS

The Prompt Payment Act, Title 31 U.S.C. § 3901–3907, requires Federal agencies to pay interest on payments for goods and services made to business concerns after the due date. Payments made pursuant to this law amounted to \$9 thousand in FY 1992 and \$30 thousand in FY 1991.

Department of Justice
Asset Forfeiture Program
Notes to Principal Financial Statements – Continued

NOTE 8. OPERATING EXPENSES BY OBJECT CLASSIFICATION

<u>Operating Expenses</u>	<u>Object Class</u>	<u>FY 1992 (\$000)</u>	<u>FY 1991 (\$000)</u>
Personal Services and Benefits	11-13	\$954	\$667
Travel and Transportation	21-22	1,625	4,612
Rental, Communication and Utilities	23	4,540	1,970
Printing and Reproduction	24	233	77
Contractual Services	25	389,213	411,035
Supplies and Materials	26	778	538
Equipment, not Capitalized	31	4,235	9,888
Insurance Claims and Indemnities	42	60	41
Interest and Dividends	43	458	561
Total Expenses by Object Classification		<u>\$402,096</u>	<u>\$429,389</u>

Reconciliation to the Statement of Operations and Changes in Net Position:

Total Forfeiture Program Expenses	\$130,722	\$118,332
Total Distributions	378,737	473,659
Transfers (Note 9)	(107,363)	(159,024)
Adjustments to Accounts Payable (Note 4)	0	(3,578)
Total Expenses	<u>\$402,096</u>	<u>\$429,389</u>

NOTE 9. TRANSFERS

During FY 1992 and FY 1991, funds were transferred from the AFF as follows:

	<u>FY 1992 (\$000)</u>	<u>FY 1991 (\$000)</u>
Bureau of Prisons	\$23,421	\$0
Drug Enforcement Administration	9,744	0
U.S. Attorneys	13,300	0
U.S. Marshals Service	1,732	0
Immigration and Naturalization Service	8,000	0
Internal Revenue Service	2,400	0
Criminal Division	2,900	0
Federal Bureau of Investigation	6,000	0
Bureau of Alcohol, Tobacco and Firearms	2,000	0
U.S. Secret Service	100	0
U.S. Postal Inspection Service	225	0
U.S. Park Police	41	0
Special Forfeiture Fund		
of the Executive Office of the President	37,500	159,024
Total Transfers	<u>\$107,363</u>	<u>\$159,024</u>
Transfers from FY 1990 Surplus	\$0	\$46,524
Transfers from FY 1991 Surplus	107,363	112,500
Total Transfers	<u>\$107,363</u>	<u>\$159,024</u>

Department of Justice
Asset Forfeiture Program
Notes to Principal Financial Statements -- Continued

NOTE 10. ADJUSTMENT TO SF 133 ACCRUED EXPENDITURES

After the SF 133, Report on Budget Execution, was completed for FY 1992, it was determined that \$11.2 million reported as Undelivered Orders should have been recorded as Expenses and Accounts Payable. The impact would have increased the SF 133, line 16 (Expenditures) by the \$11.2 million. A similar adjustment was made during the FY 1991 audit in the amount of \$8.7 million to adjust Budget Accrued Expenditures impacted by Accounts Payable and Expense adjustments.

NOTE 11. CONTINGENT LIABILITIES

The AFF and SADF have no known significant contingent liabilities or restrictions on the use of the assets other than noted above.

Appendix F

ASSETS FORFEITURE FUND
NET DEPOSITS ●
(by District)
as of September 30, 1992

#	JUDICIAL DISTRICT	CITY	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	TOTAL TO DATE	% OF TOTAL
1	ALABAMA	NORTHERN BIRMINGHAM	\$181,161	\$370,655	\$876,853	\$662,509	\$1,786,141	\$1,730,668	\$2,690,306	1,682,998	\$9,981,292	0.37%
2	ALABAMA	MIDDLE MONTGOMERY	0	45,110	162,791	293,470	296,837	693,761	680,842	922,587	3,095,399	0.11%
3	ALABAMA	SOUTHERN MOBILE	0	187,692	484,467	931,081	1,468,806	2,448,152	1,821,730	1,316,408	8,658,336	0.32%
6	ALASKA	ANCHORAGE	0	109,903	188,736	451,742	975,901	3,382,988	3,583,786	(937,347)	7,755,709	0.29%
8	ARIZONA	PHOENIX	0	908,196	2,648,239	3,213,638	3,139,616	5,277,016	8,344,335	10,365,785	33,896,825	1.25%
9	ARKANSAS	EASTERN LITTLE ROCK	0	73,299	740,833	165,601	354,470	1,021,840	1,258,736	1,052,811	4,667,589	0.17%
10	ARKANSAS	WESTERN FORTSMITH	0	30,008	129,460	45,415	43,002	268,552	434,507	1,109,096	2,060,040	0.08%
11	CALIFORNIA	NORTHERN SAN FRANCISCO	360,660	4,001,386	11,951,946	5,742,755	8,960,880	12,136,901	8,678,015	5,463,689	57,296,233	2.11%
12	CALIFORNIA	CENTRAL LOS ANGELES	11,882,614	14,932,466	36,239,880	32,033,808	45,896,185	50,973,452	46,029,836	25,840,927	263,829,167	9.70%
97	CALIFORNIA	EASTERN SACRAMENTO	4,058	1,588,813	1,095,471	3,272,735	4,109,929	2,822,303	3,719,375	4,432,886	21,045,570	0.77%
98	CALIFORNIA	SOUTHERN SAN DIEGO	16,908	3,255,835	5,901,806	12,205,502	18,154,674	19,908,741	25,314,707	13,048,533	97,806,707	3.60%
13	COLORADO	DENVER	131,456	2,162,056	1,946,114	1,459,034	2,988,636	9,344,788	3,721,425	4,289,508	26,043,016	0.96%
14	CONNECTICUT	NEW HAVEN	0	869,871	2,145,765	6,801,389	4,780,447	3,921,003	3,698,572	3,794,394	26,011,442	0.96%
15	DELAWARE	WILMINGTON	0	51,266	240,847	506,641	550,185	1,835,413	908,403	937,180	5,029,934	0.18%
16	DIST of COLUMBIA	WASH, D.C.	61,323	36,345	587,524	351,466	1,128,655	1,039,130	601,821	989,516	4,795,779	0.18%
4	FLORIDA	SOUTHERN MIAMI	3,456,770	6,685,078	11,977,141	18,522,599	38,449,461	42,301,793	38,734,761	41,993,322	202,120,925	7.43%
17	FLORIDA	NORTHERN PENSACOLA	0	233,157	613,355	520,194	1,488,530	3,124,890	1,952,519	4,296,406	12,229,052	0.45%
18	FLORIDA	MIDDLE JACKSONVILLE	0	1,672,798	2,163,973	5,309,135	3,583,805	13,992,325	16,026,042	23,534,670	66,282,748	2.44%
19	GEORGIA	NORTHERN ATLANTA	214,715	3,825,806	2,702,265	3,451,819	9,468,941	10,312,511	6,807,017	11,206,638	47,989,713	1.76%
20	GEORGIA	MIDDLE MACON	0	282,004	331,560	485,593	1,810,969	1,529,078	1,792,137	3,200,339	9,431,680	0.35%
21	GEORGIA	SOUTHERN SAVANNAH	481,200	584,095	1,058,860	1,062,760	1,083,614	1,849,807	1,856,648	2,460,009	10,436,993	0.38%
22	HAWAII	HONOLULU	349,550	429,636	1,381,660	645,705	4,674,332	5,910,953	5,403,238	4,324,814	23,119,888	0.85%

ASSETS FORFEITURE FUND
NET DEPOSITS ①
(by District)
as of September 30, 1992

#	JUDICIAL DISTRICT	CITY	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	TOTAL TO DATE	% OF TOTAL
37	MARYLAND	BALTIMORE	0	941,447	931,438	1,444,327	4,808,280	7,589,799	4,577,241	6,407,581	26,700,114	0.98%
38	MASSACHUSETTS	BOSTON	0	574,215	2,855,307	3,497,098	5,896,789	6,590,855	4,464,049	5,539,516	29,417,829	1.08%
39	MICHIGAN	EASTERN DETROIT	301,364	928,196	1,511,211	10,247,494	10,342,029	6,294,211	8,470,997	4,406,920	42,502,422	1.56%
40	MICHIGAN	WESTERN GRAND RAPIDS	0	63,485	975,159	571,611	475,100	1,981,439	1,466,067	568,134	6,100,996	0.22%
41	MINNESOTA	MINNEAPOLIS	0	133,949	2,560,371	974,600	2,860,195	2,434,831	2,347,029	2,304,524	13,615,498	0.50%
42	MISSISSIPPI	NORTHERN OXFORD	0	129	0	0	46,266	845,311	2,286,726	1,305,142	4,483,574	0.16%
43	MISSISSIPPI	SOUTHERN JACKSON	0	145,497	320,548	1,689,280	1,278,002	949,528	1,404,495	1,124,322	6,911,671	0.25%
44	MISSOURI	EASTERN ST. LOUIS	19,037	310,595	1,270,856	2,107,146	3,331,214	4,959,770	3,057,286	4,399,215	19,455,118	0.72%
45	MISSOURI	WESTERN KANSAS CITY	21,900	384,868	514,661	836,821	1,229,120	1,546,577	2,612,563	2,410,499	9,557,010	0.35%
46	MONTANA	BILLINGS	0	0	17,871	28,933	720,105	460,159	86,080	462,748	1,775,896	0.07%
47	NEBRASKA	OMAHA	0	62,202	152,939	102,975	438,320	379,251	503,960	912,944	2,552,590	0.09%
48	NEVADA	LAS VEGAS	93,022	61,354	1,584,338	1,604,469	1,818,519	1,188,175	4,020,996	10,803,068	21,173,942	0.78%
49	NEW HAMPSHIRE	CONCORD	0	47,876	78,826	156,374	579,981	476,524	471,250	1,076,115	2,886,946	0.11%
50	NEW JERSEY	NEWARK	38,168	783,200	1,191,255	1,044,107	3,037,309	3,215,120	2,916,482	5,854,471	18,080,113	0.66%
51	NEW MEXICO	ALBUQUERQUE	56,380	263,770	1,183,449	1,422,957	2,044,223	2,541,238	2,849,948	3,411,356	13,773,321	0.51%
52	NEW YORK	NORTHERN UTICA	1,856	66	309,956	939,593	820,578	3,330,912	2,150,221	1,895,044	9,448,226	0.35%
53	NEW YORK	EASTERN BROOKLYN	195,250	1,553,873	13,141,614	9,421,338	45,757,060	34,951,569	50,585,611	43,981,150	199,587,464	7.34%
54	NEW YORK	SOUTHERN NEW YORK	2,232,768	5,590,563	10,416,831	12,181,742	235,118,356	25,193,317	186,323,647	72,907,860	549,965,084	20.22%
55	NEW YORK	WESTERN BUFFALO	0	210,541	392,877	748,475	3,114,600	2,624,457	3,375,313	4,040,592	14,506,855	0.53%
56	N.CAROLINA	EASTERN RALEIGH	532,906	731,018	2,069,878	870,420	2,268,094	3,917,278	4,110,105	3,977,297	18,476,996	0.68%
57	N.CAROLINA	MIDDLE GREENSBORO	90,879	949,057	842,982	957,959	1,037,247	2,814,569	1,789,640	1,899,806	10,382,139	0.38%
58	N.CAROLINA	WESTERN ASHEVILLE	1,069,687	349,005	27,362	1,102,568	647,433	1,034,788	3,017,942	3,864,570	11,113,356	0.41%
59	N.DAKOTA	FARGO	0	16,940	593	3,503	5,541	196,256	102,110	108,892	433,836	0.02%

ASSETS FORFEITURE FUND
NET DEPOSITS •
(by District)
as of September 30, 1992

#	JUDICIAL DISTRICT	CITY	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	TOTAL TO DATE	% OF TOTAL
75	TENNESSEE	MIDDLE NASHVILLE	190,059	231,845	431,997	366,344	1,006,726	1,474,183	1,632,733	2,032,485	7,366,373	0.27%
76	TENNESSEE	WESTERN MEMPHIS	108,057	511	730,214	1,359,203	1,263,866	1,971,612	1,396,038	3,065,976	9,895,479	0.36%
77	TEXAS	NORTHERN DALLAS	258,625	1,498,182	2,505,592	3,479,336	6,533,760	7,474,677	8,230,575	7,664,735	37,645,481	1.38%
78	TEXAS	EASTERN TYLER	50,265	94,855	249,168	4,294,359	562,096	2,424,727	1,083,332	1,883,307	10,642,109	0.39%
79	TEXAS	SOUTHERN HOUSTON	1,059,698	8,220,660	6,655,740	5,245,016	17,830,479	26,745,440	24,232,872	19,888,793	109,878,698	4.04%
80	TEXAS	WESTERN SAN ANTONIO	589,466	3,330,957	1,623,764	2,067,902	2,726,663	7,218,139	16,637,563	12,671,171	46,865,626	1.72%
81	UTAH	SALT LAKE CITY	0	(28,800)	170,964	852,740	579,244	338,856	234,679	1,611,429	3,759,112	0.14%
82	VERMONT	BURLINGTON	25,000	248,612	576,300	72,046	634,131	624,455	1,062,355	1,186,376	4,429,275	0.16%
83	VIRGINIA	EASTERN NORFOLK	1,007,347	592,028	672,669	2,052,341	4,929,195	7,468,342	9,351,011	10,032,860	36,105,793	1.33%
84	VIRGINIA	WESTERN ROANOKE	225,562	46,179	283,996	506,112	543,250	669,088	856,153	3,288,425	6,418,764	0.24%
85	WASHINGTON	EASTERN SPOKANE	143	1,939	234,380	445,153	61,770	748,864	431,827	478,042	2,402,118	0.09%
86	WASHINGTON	WESTERN SEATTLE	0	137,797	343,847	1,688,713	3,538,432	4,564,092	2,668,603	6,045,363	18,986,846	0.70%
87	WEST VIRGINIA	NORTHERN FAIRMONT	0	47,008	123,804	136,787	68,570	362,604	35,689	450,470	1,224,932	0.05%
88	WEST VIRGINIA	SOUTHERN CHARLESTON	0	199	692,734	492,300	228,913	1,524,107	839,179	987,271	4,764,705	0.18%
89	WISCONSIN	EASTERN MILWAUKEE	285,295	894,558	2,709,519	573,197	2,992,742	1,904,718	2,584,997	3,488,333	15,433,360	0.57%
90	WISCONSIN	WESTERN MADISON	54,000	0	0	188,088	336,662	361,605	1,048,524	616,441	2,605,321	0.10%
91	WYOMING	CHEYENNE	0	20,381	134,287	52,080	630,642	77,134	225,649	395,712	1,535,884	0.06%
5	N. MARIANA IS.		0	0	0	0	9,877	0	0	0	9,877	0.00%
93	GUAM	AGANA	0	3,515	176	11,610	6,204	32,000	0	163,898	217,403	0.01%
94	VIRGIN ISLANDS	ST. THOMAS	0	0	6,309	192,000	952,703	533,396	213,078	126,139	2,023,625	0.07%
	OTHER		0	12,821,544	8,131,025	5,387,875	2,922,312	7,319,363	7,243,934	7,566,623	51,392,675	1.89%
	INVESTMENT INCOME		0	0	0	0	4,484,859	8,487,926	13,526,621	15,309,429	41,808,835	1.54%

Appendix G

ASSETS FORFEITURE FUND EQUITABLE SHARING DISBURSEMENTS

(by District)
as of September 30, 1992

#	JUDICIAL DISTRICT	CITY	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	TOTAL TO DATE	% of TOTAL SHARING	% OF NET DEPOSITS
1	ALABAMA	NORTHERN BIRMINGHAM	\$100,695	\$268,007	\$306,988	\$1,107,121	\$955,733	\$1,444,166	\$1,117,827	\$5,300,537	0.56%	53.10%
2	ALABAMA	MIDDLE MONTGOMERY	0	8,199	203,419	203,437	497,503	360,105	524,668	1,797,330	0.19%	58.06%
3	ALABAMA	SOUTHERN MOBILE	41,271	146,739	288,025	845,297	1,962,496	1,091,862	1,188,657	5,564,346	0.58%	64.27%
6	ALASKA	ANCHORAGE	0	125,947	288,395	552,833	759,694	567,381	578,795	2,873,045	0.30%	37.04%
8	ARIZONA	PHOENIX	0	166,076	645,125	669,163	1,508,164	4,417,528	2,573,803	9,979,859	1.05%	29.44%
9	ARKANSAS	EASTERN LITTLE ROCK	9,752	286,532	483,999	177,359	786,198	1,029,623	589,470	3,362,934	0.35%	72.05%
10	ARKANSAS	WESTERN FORT SMITH	0	69,501	14,455	30,889	136,759	326,253	256,473	834,329	0.09%	40.50%
11	CALIFORNIA	NORTHERN SAN FRANCISCO	1,176,932	5,957,988	2,121,404	4,938,823	7,614,072	8,670,844	2,460,893	32,940,956	3.46%	57.49%
12	CALIFORNIA	CENTRAL LOS ANGELES	5,601,029	12,866,808	25,024,884	32,850,827	37,680,523	25,605,546	21,633,437	161,263,054	16.94%	61.12%
97	CALIFORNIA	EASTERN SACRAMENTO	0	477,844	2,124,858	3,174,976	1,733,470	3,851,925	1,594,460	12,957,534	1.36%	61.57%
98	CALIFORNIA	SOUTHERN SAN DIEGO	671,136	815,612	2,378,666	4,054,662	5,774,906	14,358,229	5,385,181	33,438,392	3.51%	34.19%
13	COLORADO	DENVER	9,450	1,042,042	312,841	2,211,493	6,730,623	2,541,712	2,580,976	15,429,136	1.62%	59.24%
14	CONNECTICUT	NEW HAVEN	378,844	908,519	1,905,893	4,723,921	3,062,490	1,875,302	1,328,067	14,183,037	1.49%	54.53%
15	DELAWARE	WILMINGTON	0	200,824	330,876	334,219	319,398	1,073,460	730,323	2,989,099	0.31%	59.43%
16	DIST of COLUMBIA	WASH., D.C.	0	40,251	66,487	240,660	568,162	34,354	240,221	1,190,135	0.13%	24.82%
4	FLORIDA	SOUTHERN MIAMI	125,895	953,576	2,220,243	1,469,213	3,078,848	22,155,157	4,346,794	34,349,726	3.61%	16.99%
17	FLORIDA	NORTHERN PENSACOLA	41,705	251,303	127,110	945,324	526,031	1,829,862	1,756,068	5,477,403	0.58%	44.79%
18	FLORIDA	MIDDLE JACKSONVILLE	0	47,205	1,346,224	994,531	2,682,494	3,208,830	4,955,962	13,235,244	1.39%	19.97%
19	GEORGIA	NORTHERN ATLANTA	429,787	749,941	987,395	1,516,332	1,761,264	5,272,764	5,380,550	16,098,035	1.69%	33.54%
20	GEORGIA	MIDDLE MACON	10,685	233,500	329,735	514,910	532,038	1,386,868	1,890,596	4,898,331	0.51%	51.93%
21	GEORGIA	SOUTHERN SAVANNAH	214,404	149,328	653,186	987,870	1,281,417	1,544,392	1,658,542	6,489,138	0.68%	62.17%
22	HAWAII	HONOLULU	7,072	394,488	33,906	256,105	594,671	1,954,447	2,982,252	6,222,942	0.65%	26.92%
23	IDAHO	BOISE	0	17,217	65,661	64,993	238,529	285,122	74,162	745,684	0.08%	41.71%

ASSETS FORFEITURE FUND EQUITABLE SHARING DISBURSEMENTS

(by District)
as of September 30, 1992

#	JUDICIAL DISTRICT	CITY	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	TOTAL	% of TOTAL	% OF NET
										TO DATE	SHARING	DEPOSITS
37	MARYLAND	BALTIMORE	293,252	165,376	517,608	1,519,409	4,451,270	2,323,774	3,173,457	12,444,146	1.31%	46.61%
38	MASSACHUSETTS	BOSTON	0	487,305	1,430,294	2,249,502	2,581,527	2,016,511	1,929,989	10,695,129	1.12%	36.36%
39	MICHIGAN	EASTERN DETROIT	444,089	23,825	1,408,783	5,179,762	3,391,191	7,752,175	2,835,086	21,034,910	2.21%	49.49%
40	MICHIGAN	WESTERN GRAND RAPIDS	0	434,533	51,311	322,737	307,448	1,687,317	330,783	3,134,129	0.33%	51.37%
41	MINNESOTA	MINNEAPOLIS	34,085	38,907	1,393,210	899,694	1,794,086	1,332,563	1,075,509	6,568,052	0.69%	48.24%
42	MISSISSIPPI	NORTHERN OXFORD	0	0	0	40,979	574,577	515,249	407,837	1,538,641	0.16%	34.32%
43	MISSISSIPPI	SOUTHERN JACKSON	23,247	182,156	741,072	1,012,514	692,061	1,182,747	405,553	4,239,351	0.45%	61.34%
44	MISSOURI	EASTERN ST. LOUIS	608,878	391,012	1,197,116	1,923,074	3,221,600	3,269,602	3,091,969	13,703,250	1.44%	70.44%
45	MISSOURI	WESTERN KANSAS CITY	82,121	403,257	548,880	887,395	869,341	1,947,685	1,893,756	6,632,434	0.70%	69.40%
46	MONTANA	BILLINGS	0	14,369	0	15,870	137,952	227,891	250,702	646,785	0.07%	36.42%
47	NEBRASKA	OMAHA	31,094	87,014	47,129	376,279	323,561	382,140	599,206	1,846,423	0.19%	72.34%
48	NEVADA	LAS VEGAS	6,510	151,397	1,199,426	464,719	328,708	219,575	6,344,594	8,714,929	0.92%	41.16%
49	NEW HAMPSHIRE	CONCORD	24,477	14,747	13,348	110,296	325,677	402,448	637,262	1,528,254	0.16%	52.94%
50	NEW JERSEY	NEWARK	24,881	172,097	381,410	1,321,062	715,215	2,100,126	532,441	5,247,232	0.55%	29.02%
51	NEW MEXICO	ALBUQUERQUE	0	72,657	692,874	1,011,133	705,688	2,340,994	1,201,089	6,024,434	0.63%	43.74%
52	NEW YORK	NORTHERN UTICA	0	57,253	456,526	901,403	1,667,829	2,340,419	894,345	6,317,775	0.66%	66.87%
53	NEW YORK	EASTERN BROOKLYN	78,977	2,945,442	846,775	24,056,846	3,311,166	32,899,143	21,150,407	85,288,755	8.96%	42.73%
54	NEW YORK	SOUTHERN NEW YORK	262,675	4,032,573	1,990,913	5,346,726	3,154,830	6,667,800	7,254,441	28,709,958	3.02%	5.22%
55	NEW YORK	WESTERN BUFFALO	179,953	104,308	539,234	1,397,913	2,948,549	2,277,973	2,179,712	9,627,642	1.01%	66.37%
56	N.CAROLINA	EASTERN RALEIGH	82,541	305,600	642,771	1,423,543	3,232,622	3,040,086	2,580,473	11,307,636	1.19%	61.20%
57	N.CAROLINA	MIDDLE GREENSBORO	353,528	830,632	671,184	1,829,513	1,749,152	1,322,388	788,043	7,544,440	0.79%	72.67%
58	N.CAROLINA	WESTERN ASHEVILLE	659,143	188,506	162,651	106,627	848,295	2,119,813	2,480,076	6,565,111	0.69%	59.07%
59	N.DAKOTA	FARGO	0	8,350	0	0	135,259	56,190	68,688	268,486	0.03%	61.89%
60	N.DAKOTA	FARGO	0	8,350	0	0	135,259	56,190	68,688	268,486	0.03%	61.89%

ASSETS FORFEITURE FUND EQUITABLE SHARING DISBURSEMENTS

(by District)
as of September 30, 1992

as of September 30, 1992

#	JUDICIAL DISTRICT	CITY	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	TOTAL TO DATE	% of TOTAL SHARING	% OF NET DEPOSITS	
75	TENNESSEE	MIDDLE	NASHVILLE	0	0	251,386	2,250	1,250,216	764,392	1,000,296	3,268,540	0.34%	44.37%
76	TENNESSEE	WESTERN	MEMPHIS	21,160	280,897	654,691	702,352	1,451,908	1,725,701	2,280,410	7,117,119	0.75%	71.92%
77	TEXAS	NORTHERN	DALLAS	446,706	702,297	2,530,873	4,095,929	5,377,000	6,579,060	2,429,836	22,161,700	2.33%	58.87%
78	TEXAS	EASTERN	TYLER	25,537	78,586	422,855	437,570	1,682,567	1,105,063	1,229,876	4,982,054	0.52%	46.81%
79	TEXAS	SOUTHERN	HOUSTON	2,997,763	601,763	1,548,760	8,073,049	8,753,359	11,231,714	11,844,802	45,051,211	4.73%	41.00%
80	TEXAS	WESTERN	SAN ANTONIO	34,304	1,291,378	966,740	1,420,401	3,810,276	8,689,479	4,650,769	20,863,346	2.19%	44.52%
81	UTAH		SALT LAKE CITY	0	106,941	686,474	206,123	330,606	600,141	482,851	2,413,136	0.25%	64.19%
82	VERMONT		BURLINGTON	37,293	29,828	46,538	452,623	318,777	654,527	490,975	2,030,561	0.21%	45.84%
83	VIRGINIA	EASTERN	NORFOLK	17,882	108,359	955,373	2,122,151	3,854,309	5,601,206	3,392,932	16,052,213	1.69%	44.46%
84	VIRGINIA	WESTERN	ROANOKE	4,116	37,970	284,857	368,549	607,982	603,970	2,163,328	4,070,772	0.43%	63.42%
85	WASHINGTON	EASTERN	SPOKANE	0	151,405	127,119	72,699	347,137	419,019	386,919	1,504,297	0.16%	62.62%
86	WASHINGTON	WESTERN	SEATTLE	9,000	70,466	455,023	435,677	823,257	1,252,338	1,122,588	4,168,351	0.44%	21.95%
87	WEST VIRGINIA	NORTHERN	FAIRMONT	8,055	97,416	85,618	34,727	230,869	109,452	174,657	740,795	0.08%	60.48%
88	WEST VIRGINIA	SOUTHERN	CHARLESTON	0	109,643	758,468	120,808	213,566	1,291,143	624,835	3,118,463	0.33%	65.45%
89	WISCONSIN	EASTERN	MILWAUKEE	259,136	184,504	494,478	1,519,787	1,432,816	2,785,383	1,482,945	8,159,049	0.86%	52.87%
90	WISCONSIN	WESTERN	MADISON	0	0	166,234	119,145	360,553	450,547	643,465	1,739,945	0.18%	66.78%
91	WYOMING		CHEYENNE	0	0	124,013	535,784	55,636	177,806	279,022	1,172,261	0.12%	76.32%
5	N. MARIANA IS.			0	0	0	0	0			0	0.00%	0.00%
93	GUAM		AGANA	0	0	0	5,949	15,650	6,762	36,710	65,072	0.01%	29.93%
94	VIRGIN ISLANDS		ST. THOMAS	0	0	0	0	75,000	184,842	14,051	273,894	0.03%	13.53%
	FOREIGN GOVT			0	0	0	2,000,000	0		12,370,405	14,370,405	1.51%	N/A
	OTHER			0	0	0	71,423	1,700		73,123		0.01%	0.14%